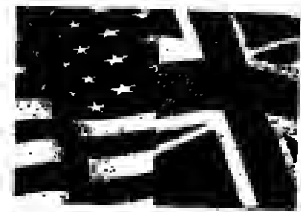


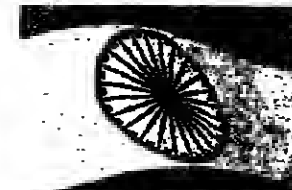
# FINANCIAL TIMES



## Major and Clinton

An imperfect understanding

Philip Stephens, Page 14



## Indian budget

Window closes on economic reform

Page 14



## Mr Motivator

The dual career of Amar Bose

Page 12



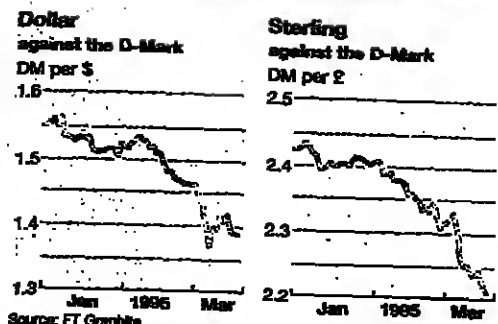
## TOMORROW'S Weekend FT

The millionaire afraid to go home

World Business Newspaper

FRIDAY MARCH 17 1995

D6523A



## Sterling touches an all-time low against D-Mark

The Bundesbank council's decision to leave its interest rates unchanged sent sterling falling to an all-time low against the D-Mark of DM2.2035, before recovering to finish in London at DM2.2088. The dollar also fell sharply, but recovered with a rally in US bond and equity markets to finish at DM1.3882, against DM1.3926. The US rise was prompted by economic figures encouraging the view that interest rates are on hold. The 30-year Treasury bond was up by a point at lunchtime, with the Dow Jones Industrial Average almost 30 points ahead at 4067. EU attacks dollar 'neglect', Page 2; Currencies, Page 27; World Stocks, Page 36

**Republican plan for cuts:** Republican leaders unveiled plans to slash government spending by \$190bn over the next five years as President Bill Clinton and his fellow Democrats attacked cuts. Page 16

**Sacked Lomro boss launches attack:** Former Lomro head Tiny Rowland has launched an emotional attack on Dieter Bock, the German financier who recently sacked him from the board of the UK company after 34 years at its head. Page 16

**Barings given assurances:** Senior executives of Barings, the collapsed UK merchant bank, were given daily reports indicating that the Singapore operations of trader Nick Leeson were not placing it at any risk, according to internal documents. Page 17; Liquidation sought, Page 30; Bonds, Page 26

**Zedillo favours flexible peso:** The Mexican peso, which has fallen sharply since the country's bungled devaluation in December, weakened again in spite of this week's sharp increase in interest rates. President Ernesto Zedillo said he favoured the eventual shift to a more flexible exchange rate regime. Page 16

**Fiat chief under investigation:** Fiat chief executive, Cesare Romiti, is under investigation for alleged false information over car sales to eastern Europe. For several months Italian magistrates in Turin have been investigating the billing method Fiat uses to supply cars to eastern Europe.

**Croats threaten Bosnian pact:** The Moslem-Croat federation in Bosnia appeared in danger of collapse after Bosnian Croats announced they would freeze all official contacts with their Moslem counterparts. Page 3

**China denies WTO claims:** China denied comments by US trade representative, Mickey Kantor, that it had agreed to resume talks next month on entering the World Trade Organisation. Page 5

**Azerbaijani 'war' warnings:** Azerbaijani president Heydar Aliyev warned that the country was on 'the brink of civil war' and federal troops were posted at key government buildings as the conflict between the president and an elite police force intensified. Page 2

**Viacom sell-off plan setback:** Attempts by US media group, Viacom, to sell its cable TV interests suffered a further setback when the Senate finance committee voted to block tax breaks for minority owners of communications companies. Page 20

**White House wary on Iran sanctions:** The Clinton administration backed away from efforts to tighten restrictions on trade with Iran, warning that tougher sanctions would hurt the US more than they would hurt Tehran. Page 7

**New York bombing arrests:** Pakistani police have arrested six men, four of them foreigners, for alleged connections to Ramzi Ahmed Yousef, a suspect in the 1993 New York World Trade Centre bombing who was extradited to the US last month.

**Rwandan food crisis warnings:** Up to 3m Rwandan refugees face starvation next month and a deepening food crisis could trigger another outbreak of regional violence, British charities Oxfam and Save the Children said.

STOCK MARKET INDICES			
New York Composite	4,067.42	(+23.05)	
Dow Jones Ind. Av.	4,067.42	(+23.05)	(387.2)
NASDAQ Composite	2,088.2	(+1.88)	
Europe and Far East			
CAC40	1,765.76	(+47.18)	
DAX	1,892.85	(+18.08)	
FT-SE 100	3,094.1	(+47.1)	
Nikkei	10,355.6	(+311.15)	

US BOND YIELD RATES			
Federal Funds	5.5%		
3-month Treasury Note	5.50%		
Long Bond	7.25%		

OTHER RATES			
UK 3-month Interbank	6.5%	(63.74)	
UK 10 yr Gilt	7.00%	(69.9)	
France 10 yr OAT	6.5%	(66.22)	
Germany 10 yr Bund	5.5%	(100.58)	
Japan 10 yr JGB	5.5%	(103.83)	

NORTH SEA OIL (Aargus)			
Brent 15-day (avg)	\$16.59	(16.59)	

LONDON			
Austria	S&P50	Germany	DAX100
Belgium	Brussels	France	CAC40
Denmark	C2000	Italy	FTSE100
Finland	HEX20	Japan	Nikkei
Greece	ATHEX	South Korea	KOSPI
Hong Kong	HK100	Taiwan	TSEI
India	S&P50	Thailand	SETI
Indonesia	JKSE	UK	FTSE100
Israel	TASEX	USA	DOW JONES
Italy	FTSE100		
Japan	Nikkei		
Malaysia	FTSE100		
Mexico	FTSE100		
Netherlands	FTSE100		
New Zealand	FTSE100		
Norway	FTSE100		
Poland	FTSE100		
Portugal	FTSE100		
Russia	FTSE100		
Spain	FTSE100		
Sweden	FTSE100		
Switzerland	FTSE100		
Taiwan	FTSE100		
Texas	FTSE100		
Thailand	FTSE100		
Turkey	FTSE100		
USA	FTSE100		
UK	FTSE100		
Yugoslavia	FTSE100		

## US president urged to attend Victory Day celebrations in Moscow

# Yeltsin proposes Clinton visit

By Bruce Clark in Moscow

Mr Boris Yeltsin, the Russian President, yesterday urged US President Bill Clinton to visit Moscow for Victory Day celebrations in May, but made clear that he remained opposed to plans for the expansion of Nato.

Looking alert and vigorous as he received a small group of reporters at the Kremlin, Mr Yeltsin insisted he took the lead on economic policy, with Mr Victor Chernomyrdin, the prime minister, next in line. He angrily denied that members of his security service interfered in economic decisions.

To sweeten the invitation to Mr Clinton, the Russian president offered to avoid the traditional, conspicuous displays of military hardware at the celebrations. He also thanked the US president for his "calm and normal" response to the bloody war in Chechnya.

Promising to maintain political stability in Russia, Mr Yeltsin said: "We do not expect any extreme situations or coups d'etat this year, even though the media here and abroad are writing about that."

On the economy, he said priorities were to lift the private sector's share of output from 60 per cent to 80 per cent this year through further privatisation, and to reform the banking system. "Chernomyrdin and I have decided to follow a stricter financial policy this year."

While extending a warm invitation to Mr Clinton, the Russian president said US-Russian differences over Nato's expansion remained unresolved, and Moscow opposed US plans for early enlargement of the alliance. Referring to the celebrations planned for May 9, to mark the 50th anniversary of the allied victory over Nazi Germany, Mr Yeltsin said: "President Clinton has the 'identical problem' of persuading legislators to ratify the Start-2 accord on reducing the number of long-range nuclear weapons, clearing the way for negotiations on even deeper cuts."

Mr Yeltsin asserted, contrary to reports of continued conflict, that the situation in Chechnya would not be an obstacle to Mr Clinton's visit because "there are no military activities" in the rebel republic.



Russian president Boris Yeltsin (centre) during a meeting with foreign newspaper journalists at the Kremlin yesterday. Press secretary Vyacheslav Kostikov (left) is to become Russia's new ambassador to the Vatican

He said he and Mr Clinton had the "identical problem" of persuading legislators to ratify the Start-2 accord on reducing the number of long-range nuclear weapons, clearing the way for negotiations on even deeper cuts. Senior Russian parliamentarians have expressed reluctance to ratify Start-2 as long as Nato is proposing rapid enlargement and the US is considering new anti-missile defence systems. On Nato, Mr Yeltsin said: "Our positions so far are different. We are against a sudden, accelerated, large-scale expansion of Nato."

"Look what is happening. All the countries of central and eastern Europe are going into Nato, so that the border of Nato will be on the border with Russia - and we again have two blocs, Russia and Nato... Does that correspond to European security? No, it does not, the situation will not be calmer (as a result)."

Mr Yeltsin said he was confident the forthcoming conference on the Nuclear Non-Proliferation Treaty would agree on an indefinite extension of the accord. He said the conference should also start negotiations on the total elimination of nuclear weapons, an idea endorsed by Mr Clinton as a long-term aspiration but viewed sceptically by Britain and France.

Still master of the Kremlin, Page 15

## Rail merger links ABB and Daimler-Benz

By Ian Rodger in Berlin

### Groups join to become biggest force in equipment

Asea Brown Boveri, the international electrical engineering group, and Daimler-Benz, the German industrial group, are creating the world's largest railway equipment business by joining forces in the DM800bn (\$97.4bn) market.

Mr Percy Barnevik, chief executive of ABB, said he hoped the move would kick off a much needed round of restructuring in the overcrowded sector.

Mr Edzard Reuter, the Daimler chief executive, said the venture was an important step towards Daimler's internationalisation.

ABB is one of the world's three largest railway equipment suppliers, alongside Siemens of Germany and the British-French GEC-Alsthom alliance.

The merger with the railway equipment arm of Daimler's troubled AEG subsidiary would make it about 40 per cent larger than its

two main rivals, with a 1995 order intake estimated at DM8bn.

The venture, to be called ABB Daimler-Benz Transportation, will employ 22,000 people in 40 countries, be headquartered in Berlin and retain main manufacturing centres in Germany, the UK and Scandinavia.

ABB and Daimler will hold equal shares in it, and Daimler will pay ABB \$900m in cash to compensate for the smaller size and operating losses of the businesses it is contributing.

The deal is subject to the approval of the Daimler supervisory boards and German and European Community antitrust authorities.

Both companies said there were no grounds for rejection, although the German Cartel office two years ago expressed

reservations about an aborted merger plan by Siemens and the AEG railway equipment division.

Mr Barnevik said the merger would strengthen the two groups in bidding for contracts at a time when protectionism in railway equipment procurement in many countries was giving way to a concern for cost effectiveness. Privatisation in many countries pointed to strong growth in the lucrative maintenance field.

The overall market was expected to grow by 7 or 8 per cent annually in the next few years as many industrialised countries turned to environmentally friendly railways to solve their transport problems and developing countries sought to upgrade their railway networks.

However, overcapacity meant that competition was excessive.

Mr Kaare Vagner, the ABB executive who will be chief executive of the new company, said prices on big contracts had fallen by as much as 30 per cent in the past year.

The two groups were mainly complementary, with ABB strong in heavy locomotives and electrical equipment, while AEG specialised in light and urban equipment. The main capacity overlap was in Germany, but neither side would indicate the scale of rationalisation to come.

Asked what ABB would do with the \$900m, Mr Barnevik said the group was investing heavily in Asia. "But if we cannot use it, we will increase the dividend to shareholders," he said.

Lex, Page 16

Continued on Page 16

Unlikely allies save Italy's credibility, Page 2

Editorial Comment, Page 15

Lex, Page 16

## Toyota's UK project to lead Japanese pressure in Europe

By John Griffiths in London

Toyota's decision to double capacity of its UK car plant, confirmed yesterday, will be followed by a number of other Japanese car projects in Europe, which has barely begun to feel the Japanese industry's competitive pressure, the chairman of Ford, Mr Alex Trotman, said yesterday.

"The Japanese need to be only about one-third in to the thigh of European manufacturers," Mr Trotman added.

Commenting on the Toyota expansion during a flying visit to London, Mr Trotman, who heads the world's second largest vehicle producer, warned that complacency creeping into North America and Europe about the Japanese industry's current faltering sales performance in both regions was entirely misplaced.

Japan's vehicle industry was

working "with amazing speed" to counteract its problems of the strong yen and to recover from its domestic recession. "They will be back and they will be very strong," said Mr Trotman.

Under its expansion programme Toyota will introduce a second model, the next generation of the Corolla, to join the Carina E range on its assembly lines at Burnaston in Derbyshire, in the English Midlands, starting in 1998.

This will lift capacity to 200,000 cars a year and create an additional 1,000 jobs at Burnaston when the Corolla is in full production. The plant employs 1,740. At least 4,000 extra jobs are forecast to be created among its 300 component suppliers throughout Europe. Of these just over one half are based in the UK.

Toyota's expansion lifts its total manufacturing investment

in Europe to \$1.2bn. It was warmly welcomed yesterday by the British government, which had been trying for many months to persuade a seemingly reluctant Toyota to undertake the long-expected step.

Depressed European markets and fierce competition have led to Toyota failing to meet its original production targets at Burnaston. It had hoped to reach full-capacity output of 100,000 cars this year but now plans to make around 90,000. The addition of the second model is expected to give it more flexibility to respond to shifting market demands.

Mr Michael Heseltine, UK trade and industry secretary, described the move as "yet another vote of confidence in the UK as a favoured location for foreign investors".

Details, Page 9



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# Talks open in Azerbaijan rebellion

By Chrystie Freeland  
in Moscow

Azerbaijan's government yesterday began negotiating with a mutinous interior ministry police force, whom President Heydar Aliyev had accused of trying to stage a coup, the Russian news agency Itar-Tass reported.

Fighting between the two sides has reportedly claimed dozens of lives in the past few days. However, Mr Namik Abbasov, the interior security minister, said last night it had died down. He said the govern-

ment was not planning to attack the headquarters of the elite OPON force because of the risk to civilians. The conflict erupted into violence on Monday when OPON members attacked a police station in Baku, the capital. According to an unconfirmed report from Turan, the Azeri news agency, dozens of people have also died in clashes between the OPON and government troops in the northern region of Azerbaijan.

This week's political instability has raised concerns about the future of a \$7.4bn deal Azerbaijan reached last year with western oil companies to develop oil fields in the Caspian Sea, but western businessmen in Baku said the struggle had not yet jeopardised their investments.

Appearing on Azeri television late on Wednesday night, President Aliyev accused Mr Rovshan Javadov, deputy interior minister and commander of the OPON, of attempting to stage a coup. "Azerbaijan is again on the brink of civil war," he said, acknowledging that blood had already been split in the conflict.

"He [Javadov] and his brother have turned the Azeri crack police forces into their own field camp. If the Javadovs do not lay down their arms, the full severity of the law will be used against them," Mr Aliyev said.

The current conflict was provoked when the Azeri government accused the OPON of smuggling strategic metals, notably copper, out of the country and ordering the 3,000 strong force disbanded. The OPON responded by seizing government buildings in two cities in northern Azerbaijan, reportedly the area of the most intense fighting.

President Aliyev, a former member of the communist politburo known for a tough style of governance, has already resisted one challenge from the OPON.

# Unlikely allies save Italy's credibility

The perverse logic of Italian politics was on display in all its glib detail yesterday as the government of prime minister Lamberto Dini narrowly won a vote of confidence on its 120,000bn (\$7.36bn) mini-budget.

The two-month-old government survived by 315 votes to 309 with one abstention. This was thanks to a topsy-turvy combination of alliances.

Mr Dini was supported by the centre-left, those who were his opponents in the previous right-wing government of Mr Silvio Berlusconi when he was treasury minister.

In contrast, Mr Berlusconi and his allies disowned Mr Dini. They voted against him even though as early as last November the media-magnate-turned-politician admitted negotiations were necessary to achieve the 1995 budget objectives.

The decisive element in yesterday's vote was the split among the 39 deputies of Reconstructed Communism, formed from hardline remnants of the old Italian Communist party. Almost half ignored disciplinary action and voted for the government, fully aware that the package of austerity measures is unpopular. It will add nearly 140,000 a year to family budgets and increase fiscal pressure in 1995 by 0.8 per cent.

The pro-government support coalesced around two basic points. The first was a genuine sense of responsibility over the need to introduce corrective measures to hold the budget deficit

down to 8 per cent of gross domestic product. They recognised that failure to approve the measures would lead to a further disastrous erosion of Italy's international credibility, with significant consequences for an already enfeebled lira and with knock-on effects for the debt stock and inflation. Uncertainty over the budget have forced the lira to devalue 5 per cent against the D-Mark since January.

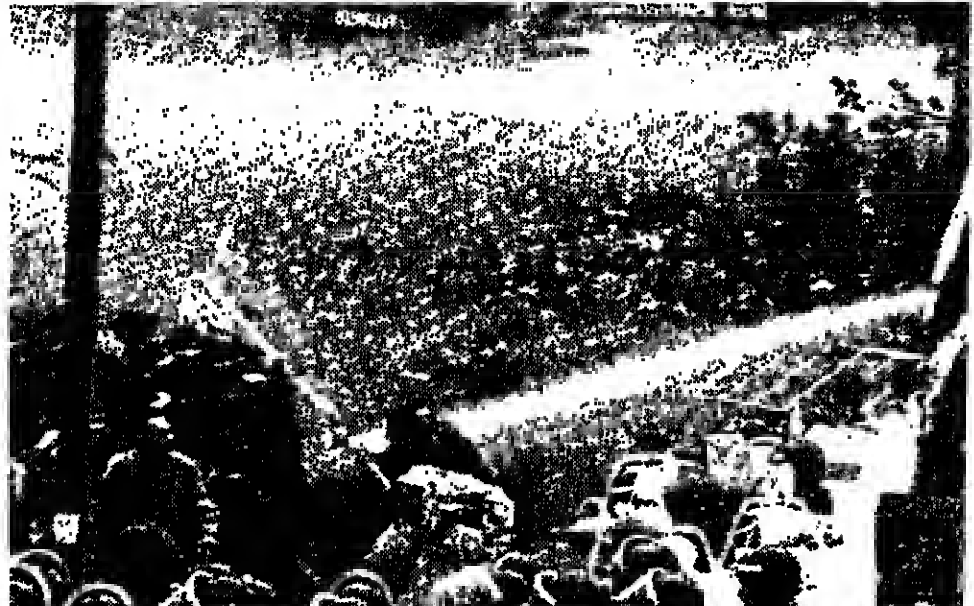
The centre-left, headed by the former communist Party of the Democratic Left (PDS), has thus chosen to play the responsible card of national interest. This attitude was especially relevant in the case of the centrist Popular party (PPD) which has split down the middle over whether or not to forge an electoral alliance with the PDS. Mr Rocco Buttiglione, the PPD leader, is committed to joining Mr Berlusconi's alliance to fight the April 23 regional elections; but he and his supporters backed the government despite strong pressure from the Berlusconi camp.

# John Barham visits Istanbul's Shia neighbourhoods, site of two days of riots

## Turkey's doubly shunned lick their wounds

A hand-written note taped to the window of a mosque in Istanbul said simply: "We died 100, died 25, missing 70". Another listed the names of the missing.

They are the casualties of two days of rioting in the mainly Shia neighbourhood of Gaziosmanpasha which sparked off bomb attacks and more rioting in Istanbul and the Turkish capital Ankara. The death toll in the fighting, the worst clashes in two years, is approaching 30.



The police are not from here, they are not Alewis. They are from the fascist party. The police supported the [gunmen] 100 per cent.

All those who died in the rioting are believed to have been shot by police, who apparently were not trained in crowd control. Calm only returned to Gaziosmanpasha after the government pulled police off the streets and sent in troops.

The mood in the area was relaxed yesterday. A group of boys ambled along the streets laughing. "We defeated the police," one of them shouted. "They've gone. The army is here. They are not against us."

On Sunday evening, unidentified gunmen in a taxi machine-gunned several crowded tea shops in Gaziosmanpasha where people were watching a football match on television. Two men were killed. The police made no effort to give chase or investigate. Within hours, outraged Shias - known as Alewis in Turkey - had taken to the streets and attempted to storm the local police station.

"For years we had been suffering," said Turay, a leather worker. "People are called into the police station as witnesses to a crime and sometimes they disappear or are found dead."

The police are not from here, they are not Alewis. They are from the fascist party. The police supported the [gunmen] 100 per cent.

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# EU attack on dollar neglect

Mr Yves-Thibault de Silguy, EU commissioner for monetary affairs, yesterday blamed recent turbulence in the currency markets on a US policy of "benign neglect" towards the dollar.

In a statement to the European Parliament in Strasbourg, Mr de Silguy called for a more co-ordinated response to currency instability through the Group of Seven industrialised nations. On the recent upheaval which led to devaluations of the Spanish peseta and Portuguese escudo, Mr de Silguy pointed to market worries about budget deficits in Europe, the Mexican crisis, the collapse of UK bank Barings and the Kobe earthquake as factors fuelling instability. Though Mr de Silguy paid tribute to the US and European authorities for co-ordinating their response to halting the dollars slide against the D-Mark and Japanese yen, he argued it was time for the G7 to rediscover the economic policy co-ordination which it had pursued successfully in the 1980s. "The fate of the US currency is a global phenomenon which requires a global response," he said. Lionel Barber, Brussels

# German energy talks restart

The Bonn coalition government has begun cross-party talks on a long-term energy strategy. Headed by Mr Günter Rexrodt and Ms Angela Merkel, the economics and environment ministers, the government side is seeking consensus on an "energy mix" that includes a commitment to nuclear generation.

The outcome of the talks, which could last until June, hinge on the attitude to nuclear energy of the opposition Social Democratic party (SPD). The last talks broke down over the issue in October 1993. In the late 1980s the SPD vowed to shut all nuclear power plants within 10 years of its being elected to government. However, there have been signs recently of disagreements over whether the party should stick so rigidly to this policy. Another divisive issue on the agenda is financing for the uncompetitive coal industry until 2000. The coalition this week ruled out an energy tax to subsidise it by DM7.5bn (\$3.4bn) a year, deciding instead to provide the financing from the budget - at least for next year. Judy Dempsey, Berlin

# German pay inflation fears

German public sector workers added to fears of rising inflationary pressures yesterday by calling for a 6 per cent pay rise in this year's wage round.

The pay claim led by the public service union OTV affects 3.4m employees in central, regional and local government across east and west Germany. The pay claim, which was also backed by 300,000 postal workers, follows recent settlements in private sector industry of about 4 per cent, double the Bundesbank's objective of a 2 per cent inflation rate this year. Mr Herbert Mat, the OTV chairman, said yesterday: "Those who believe the public sector will accept lower increases than in industry have no contact with reality." David Morris, Bonn

# Protests over lay-offs by Alenia

Employees of Alenia, Italy's state-controlled aerospace and defence equipment manufacturer, yesterday demonstrated against plans to lay off workers in Turin and Naples as part of a restructuring.

Some 2,000 workers blocked railway lines at one of Turin's stations for 20 minutes yesterday after unions called for action against the plan, announced late on Wednesday. The company is faced with a continued slump in demand, aggravated by cuts in governments' defence budgets. It plans to reorganise its aerospace activities by concentrating manufacturing in a smaller number of specialised sites.

Alenia said yesterday that the plan would put up to 950 of the division's 8,000 or so workers into cassa integrazione, the state-funded temporary unemployment scheme. Under previous restructuring plans, some 1,500 employees have been laid off using similar state schemes to soften the blow. The main impact of the plan will be felt at the group's Turin plants. Andrea Hill, Milan

# Tax vote for Polish parliament

Poland's parliament will make a final decision on 1995 personal tax levels next month after the constitutional tribunal ruled they had been increased in an illegal way, the lower house's speaker said yesterday.

Mr Jozef Zych told reporters that the ruling, which may result in a \$700m shortfall in the government's revenues this year, would have to be studied by a special parliamentary commission before the house could vote on it.

The tribunal, which ensures proposed laws are in keeping with the constitution, ruled on Wednesday that the government had no right to impose higher tax levels, approved by parliament in January, during the course of a fiscal year.

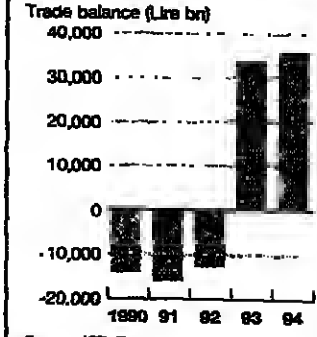
# Armenia plans privatisations

Armenia has launched a big privatisation campaign, aiming to sell 64 per cent of shares in 10 of its highest enterprises for privatisation certificates and cash, said Mr Zhirair Aramyan of the Privatisation Commission.

The first 10 companies to be sold include the former Soviet republic's only car plant, an electrical equipment plant and a pastry factory. The enterprises would be transformed into joint stock companies and also open to foreign investors, he said. Shares will be on sale in local auction centres for two months. Reuters, Moscow

# ECONOMIC WATCH

## Italian trade surplus grows



Italy's trade surplus, bolstered by the weak lira, increased to a record 135,432bn (\$13.4bn) last year, according to figures released yesterday by the national statistical office. In 1993, the first year after the September 1992 devaluation of the currency, Italy's trade surplus was 123,220bn. Although the lira rallied in the first half of last year, political uncertainty and concern about Italy's large budget deficit has kept the currency depressed since then. In 1994, Italy's surplus with the European Union narrowed slightly. Preliminary figures for December, also released yesterday, showed a trade deficit of 1,919bn with EU countries against a 1,688bn surplus a year earlier. The trade surplus with the US increased last year to 1,117,730bn against 1,814,141bn in 1993. The trade deficit in certain key industrial raw materials worsened in 1994. The recovery by pushing up inflation, and deterring investment by Italian companies. Andrea Hill, Milan

Swedish consumer prices rose by 0.4 per cent in February compared with the previous month, leaving the annual rate unchanged at 2.9 per cent. The central bank has set a 3 per cent ceiling but this is expected to be breached as industry reaches capacity limits.

The French government has raised its official forecast for gross domestic product growth this year to 3.3 per cent from 3.1 per cent.



# East European treaties remain elusive

Virginia Marsh and Vincent Boland on fence-mending talks between Hungary, Romania and Slovakia

Hungary and Romania yesterday failed to reach agreement on a bilateral treaty aimed at settling border disputes and minority rights despite intense western pressure to resolve their historic differences before a European Union conference in Paris next week.

Talks on a similar treaty between Hungary and Slovakia were continuing in Bratislava last night but, after difficult and often tense negotiations in the past two weeks, officials on both sides were not optimistic.

Failure to agree the treaties would be a setback to the three countries' hopes of joining the European Union and Nato and would overshadow the EU conference on stability in post-communist Europe at which Hungary's relations with Slovakia and Romania will be high on the agenda.

Western countries have made clear to eastern European countries aspiring for EU and Nato membership that they will not be admitted until they resolve bilateral differences and last year made the conference a deadline for the signing of the two treaties.

Mr László Kovács, Hungarian foreign minister and Mr Teodor Melescanu, his Romanian counterpart, said after

talks in Budapest yesterday there were too many outstanding issues for the treaty to be signed in Paris. Mr Kovács said they had been unable to agree on which European minority rights provisions to include, especially those relating to local autonomy, education and language rights, and on control mechanisms to monitor enforcement of the treaty.

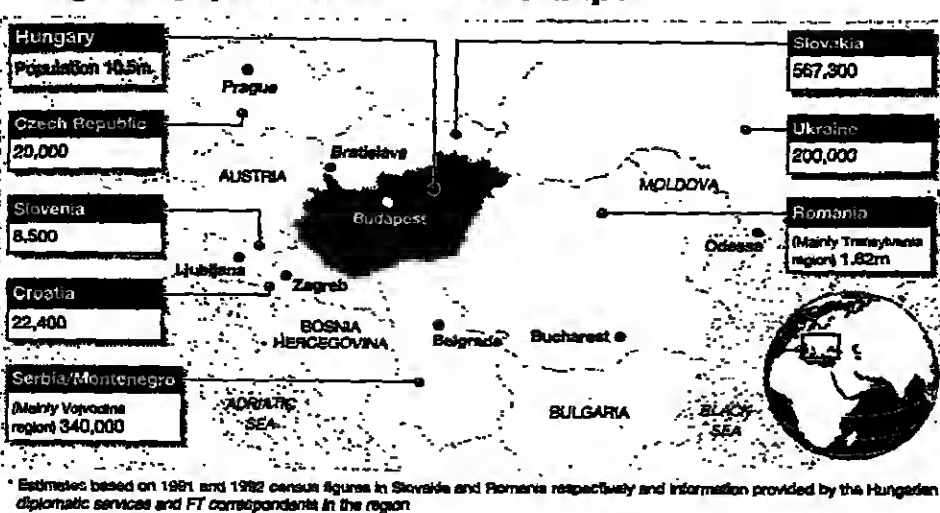
Both ministers said much progress had been made and that talks would continue but that the treaty was too important to be rushed through to satisfy western demands.

Budapest is pressing Bucharest and Bratislava to grant minorities extensive rights as outlined in Council of Europe and other European documents that Romania and Slovakia have signed. Both are resisting including all the recommendations in the treaty which will be legally binding.

Slovakia, whose 800,000 ethnic Hungarians are concentrated along the border with Hungary, wants Budapest to recognise the permanent inviolability of existing borders.

At stake for Hungary, a country of 10.3m, are the rights and status of the more than 3m ethnic Hungarians living in neighbouring countries. After the First World War, the Aus-

## Hungarian populations in eastern Europe\*



\* Based on 1991 and 1992 census figures in Slovakia and Romania respectively and information provided by the Hungarian diplomatic services and FT correspondents in the region.

tro-Hungarian empire was carved up and Hungary lost two thirds of its territory and several million subjects. In the communist era, Hungary was forced to co-operate with Romania and the then Czechoslovakia as part of the Soviet bloc and the Warsaw Pact. But mutual distrust and tensions, heightened by the rise of nationalist politicians in all three countries, quickly resurfaced after the collapse of

communism in 1989. Just four months after ethnic Hungarians and Romanians combined to overthrow the Ceausescu regime in 1989, inter-ethnic fighting erupted in the Transylvanian town of Turgu Mures, leaving several people dead after one of the worst outbreaks of ethnically inspired violence since the Second World War.

The recent talks owe much to the efforts of the new Social-

ist-Hungarian government, which replaced a conservative nationalist administration last summer and made improvement in bilateral relations a priority.

As soon as he took office, prime minister Mr Gyula Horn said he was prepared to recognise existing borders with Slovakia and Romania - a step his predecessors refused to take.

Slovakia and Romania need the treaties to improve their

tarnished images in the west. The EU has consistently urged the two countries to speed up market-led and democratic reforms while their human and minority rights records have been attacked by the Council of Europe and international human rights organisations.

But the leaders of the two countries have the difficult task of finding a compromise which balances European integration against considerable resistance to granting extensive minority rights at home. Neither government can afford to be seen by nationalist politicians, upon whom they rely, or by the majority populations to be caving in to Hungarian demands.

For its part, the Hungarian government is being accused by the opposition and by ethnic Hungarian groups in Romania and Slovakia of not doing enough to protect their kinsmen.

Western diplomats say the treaties have taken on an undue symbolic significance within the countries and that the failure to sign them clouds recent improvements in regional business and economic ties. They still hope that after considerable progress on almost all issues, compromises will be made.

# France pushes for bilaterals

By David Buchan in Paris

France is mounting as much diplomatic pressure as it can decently bring to bear on east European states to reach "good neighbourly" agreements on each other's minorities in time for the Conference on European Stability in Paris next week.

Foreign ministers of more than 50 members of the Organisation of Security and Co-operation in Europe (OSCE) will be invited at the end of the two-day conference next Tuesday to wrap up as many such bilateral accords as possible with a general declaration on the importance of "good neighbourliness" to political stability. The package of agreements will then be entrusted to the OSCE to monitor.

The aim of the conference is to ensure that east European countries solve their atavistic ethnic and frontier problems before they join the European Union. France holds the six-month presidency of the EU.

A senior French official said yesterday that the bilateral accords, enshrined in the stability pact, "should facilitate enlargement of Nato as well as the EU to the east". US President Bill Clinton has under-

scored this point to some east European leaders.

Forming the core of the pact are two sets of regional talks - one centred on Hungarian minorities in Slovakia and Romania and the other on Russian minorities in the three Baltic states.

However, Hungary and Romania yesterday failed to reach agreement on their bilateral treaty. Talks on a similar treaty between Hungary and Slovakia were continuing in Bratislava last night but officials on both sides were not optimistic of a positive outcome. The French prime minister, Mr Edouard Balladur, recently wrote a joint letter, along with Germany's Chancellor Helmut Kohl and Spain's prime minister, Mr Felipe Gonzalez, to remind leaders of Hungary, Slovakia and Romania of the importance of the Paris conference as a psychological deadline.

This helped produce the flurry of negotiations between Budapest, Bratislava and Bucharest. By contrast, in the Baltic roundtable talks, Latvia and Lithuania have already reached some agreements with Russia on the Russian minorities, but progress with Estonia has been slower.

# Moslem-Croat pact in Bosnia may collapse

By Laura Silber in Belgrade

The Moslem-Croat federation in Bosnia yesterday appeared in danger of collapse after Bosnian Croats announced they would freeze all official contacts with their Moslem counterparts.

The Bosnian Croat presidential committee accused Moslem military leaders of being responsible for the disappearance of General Vlado Santic, local commander of the HVO, the Bosnian Croat militia. He was kidnapped on March 8 by Moslem soldiers in the Bihac area, the Moslem stronghold in north-western Bosnia.

Yesterday's announcement was a severe setback to the efforts of the US and Germany to bolster the Moslem-Croat federation in Bosnia. Mr Kresimir Zubak, the Croat head of the federation, and President Franjo Tudjman of Croatia were in Washington yesterday to meet US President Bill Clinton to mark the one-year anniversary of the alliance.

President Alija Izetbegovic of Bosnia, a Moslem, at the last minute cancelled his visit on the grounds that he had a prior commitment to address the German parliament in Bonn.

Brokered by the US, the federation agreement has never been implemented fully but it ended a year of bitter fighting between Moslems and Croats and raised hopes of their putting up a united front against the better-armed Serbs.

Despite US military advice in merging the two forces, military co-operation so far has been tactical and sporadic.

Another sign that the federation was on the verge of collapse was a new tax imposed by Croatia and the Bosnian Croats on all goods imported to or exported from landlocked Moslem-controlled territory. Mr Haris Silajdzic, the Moslem prime minister, yesterday demanded that Mr Nikica Valentic, prime minister of Croatia, abolish the tax, reported Bosnian radio.

The break-down intensifies already heightened fears that all sides are preparing for more war when the country-wide ceasefire expires on May 1. The UN yesterday accused Bosnian Serbs of targeting British peacekeepers. Their patrol came under "deliberate and sustained" machine gun and cannon fire from Bosnian Serb positions near Gorazde, the Moslem enclave in the east, said Major Herve Gourmelon, a UN spokesman. A Serb military build-up has been reported to the west of Gorazde.

In response, the UN requested a stepped-up Nato air presence and a UN Quick Reaction Force team was dispatched to the scene. It also came under fire, he said. The peacekeepers escaped only after night fell.

# Porcine politics on Flanders field

By Caroline Southey in Brussels

A row over pig manure in Flanders has led to the downfall of the regional Belgian government. It is only the second time that an environmental issue has caused the downfall of a government in Europe. The Dutch coalition government, weakened by in-fighting over a range of issues, fell in 1989 over a row about scrapping tax breaks for commuters using their cars for work.

The row erupted over new laws to curb environmental damage caused by the extensive use of pig manure as a fertiliser. The law would have brought Flanders, the Dutch-speaking northern region of Belgium, into line with EU regulations which in 1991 defined pig manure as a hazardous waste because of its high concentrations of nitrate and phosphate.

But farmers in Flanders - which covers 45 per cent of Belgian territory, and has 8m pigs and 6m people - feared it would lead to the loss of 20,000 jobs.

The Flemish government collapsed after a nationalist and three socialists walked out of a cabinet session following a refusal by Christian Democrats to debate the final text of the bill. The Flemish Socialist party had sponsored the legislation.

The plan involved limiting

the use of pig manure as a fertiliser to levels that could be absorbed by crops. Environmental evidence has shown that excess manure runs off into ground-water tables, polluting the water system. The tougher limits would have been phased in over a 10-year period to meet EU standards.

The bill would also have limited the issue of permits for new installations to breed pigs or the expansion of existing farms. Levies would also have been imposed on the excess production of manure.

The Flemish Christian People's party has a strong rural base in Flanders where it is the dominant party.

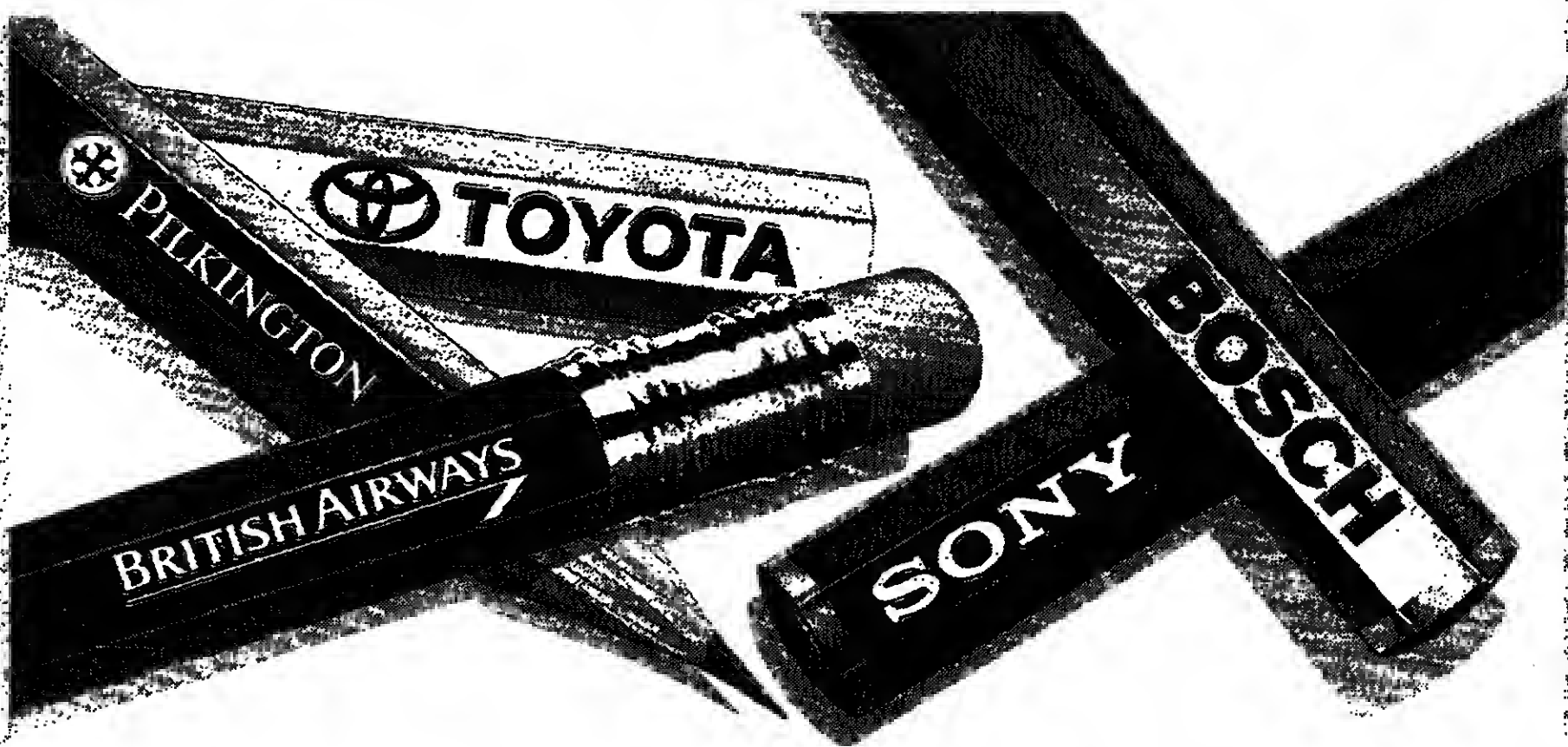
Backed by a powerful agricultural lobby, the party resisted the legislation, arguing it would drive farmers out of business.

A powerful industrial lobby, consisting of construction, meat-processing and feed-stuff companies, also lobbied hard against the bill.

The Socialist party, which contests the threat to jobs, has pointed to environmental evidence that the liberal distribution of pig manure was having devastating effects on water tables.

The regional assemblies, of which the Flemish is one, are powerful law-making bodies in Belgium's complex federal structure. All Belgium's parliaments face dissolution on April 9 ahead of elections in May.

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## THE KEY

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# China to scrap some investment incentives

By Tony Walker in Beijing

China plans to phase out preferential tax policies, including generous tax holidays, for some categories of foreign investment under new guidelines to be issued soon aimed at directing funds to needy areas.

In its early attempts to attract investment China provided incentives virtually across the board, but with billions of dollars now flowing into the country Beijing feels it can be more selective. By mid-year foreign direct investment in China is expected to reach \$100bn.

China has long foreshadowed new investment guidelines that would seek to redress the balance between the booming coastal areas and the relatively deprived hinterland. Beijing has also said that it wants to limit further growth of basic processing industries which it believes waste scarce energy resources. Thousands of these enterprises producing such items as shoes and toys have

been established in China's southern regions.

The new guidelines specify investments which are to be encouraged, restrained and prohibited.

● To be encouraged: undeveloped agricultural land, chemical fibre, micro-electronics, precision machinery, civilian aircraft, biotechnology items, and infrastructure such as ports, highways and power stations.

● To be restrained: retailing, industries whose production had already surpassed local demand such as television and property.

● To be prohibited: network telecommunications operations, newspaper publishing, casinos, projects which threaten the environment, and the mining of rare minerals.

The new policy guidelines are also said to allow the authorities flexibility in their interpretation, but priority areas will retain tax advantages and possibly will be given access to soft loans.

Companies which invest in

these sectors will also be allowed to sell up to 100 per cent of their products in the domestic market. Preferential tax policies will be phased out for most activities that do not fall within category one priorities such as agricultural and infrastructure projects.

The government also plans to provide incentives for investment in the deprived central and western parts of China, but only if such projects are in line with industrial policy.

The representative of an international lending institution said the new policy on investment was in line with expectations, especially on the "national treatment" issue where there is no distinction drawn between domestic and foreign investment.

A western economist, specialising in the investment area, described the strategy as "mis-taken". "They feel they can be more selective using industrial policy as a means of re-directing investment instead of the market," he said.

## WORLD TRADE NEWS DIGEST

### Smidth upgrades cement plants

Danish group F.L. Smidth

yesterday announced two contracts for upgrading cement plants in Egypt and Thailand, while a Smidth subsidiary is to set up a ready-mix concrete operation in Warsaw. In Egypt, a DKr170m (\$26.87m) investment will increase output by Alexandria Portland Cement by 20 per cent to 7,200 tonnes a day. In Thailand, investment of DKr75m will upgrade plants owned by Jalapathra Cement in the southern city of Cha Am and Takli, north of Bangkok, increasing the two factories' total cement output by 20 per cent to 6,900 tonnes a day. In Poland, Unicon Beton and the government-financed Danish Investment Fund for Central and Eastern Europe have agreed to set up a concrete plant in the capital, Hilary Barnes, Copenhagen.

Peugeot will invest \$30m in new car and components production facilities in Vietnam as part of a joint venture with Vietnam National Forestry Machines. The car plant will have initial annual capacity of 5,000 units. AFX, Hanoi.

Swedish telecoms group Ericsson has won two contracts from Central Japan Digital Phone (CJDP) in Nagoya worth a total of SKr560m (\$50m). Ericsson will deliver mobile switches and radio base stations early in 1995 with commercial service scheduled for end-July. Reuter, Stockholm.

South Korea's Halla Engineering and Heavy Industries signed a \$188m contract with Malaysia's Negeri Sembilan Cement Industries to build a cement plant in Negeri Sembilan state. Reuter, Seoul.

## Beijing denies Kantor claim on WTO talks

By Tony Walker

China yesterday denied that it had agreed to return to Geneva in mid-April to resume negotiations on entry to the World Trade Organisation.

Mr Mickey Kantor, the US trade representative, said earlier this week after talks with Chinese trade officials that Beijing would resume negotiations next month.

But yesterday Mr Shen Guofang, the foreign ministry spokesman, said Beijing would evaluate the attitudes of its WTO negotiating partners before deciding whether to resume talks.

China suspended discussion on WTO entry in December after its attempts to become a member of the world trade body foundered when members

of its forerunner, the General Agreement on Tariffs and Trade, members said China's offer on market access and other issues were unsatisfactory.

Beijing previously blamed the "exorbitant" demands of the US and its Gatt allies for the failure of the negotiations but Mr Shen said yesterday the US was now showing a "favourable" attitude towards China's application.

"China has yet to make a comprehensive evaluation of the positions of the other contracting parties before it finally proceeds to multilateral discussions in Geneva," Mr Shen said. China in its WTO application would "assume the obligations suitable to the level of its economic development," a reference to China's insistence that

it be granted lenient treatment as a "developing" country.

Mr Roy MacLaren, Canada's international trade minister, said yesterday that China was not yet ready to join the WTO. "We agree that China is a major trading country that should be within a worldwide trading arrangement, but not at any price," Mr MacLaren said in Melbourne.

"There are rules to be followed, requirements to be met, and in our view, China has not yet demonstrated fully its acceptance of the basic rules of the World Trade Organisation." The US, the EU, Australia, Canada and Japan are among WTO parties who are pressing China to show greater commitment to trade liberalisation.

## US offer on financial services

By George Graham in Washington

The US has formally promised to give equal preferential status to all Gatt signatories in the financial services sector as long as other countries make substantial improvements in their offers to open up their financial services markets.

In a letter to Gatt members, the US said it was prepared to lift its reservation on whether it would allow foreign banks to benefit, like US banks, from the liberalisation of US banking laws which maintain a strict separation between com-

mercial and investment banking.

The US said it would withdraw its exemption in the financial services sector from the Most Favoured Nation principle if the offers from other countries, due in by Wednesday, were improved.

While there is little actual movement in the US position, Mr Jeffrey Shafer, assistant Treasury secretary for international affairs, said the US hoped to encourage other countries by formalising its own offer to abandon the MFN exemption.

Mr Shafer said the US recog-

nised that market opening would have to be phased in, but would not accept vague promises to liberalise in the future. "There must be a fixed date, and it has to be a reasonable one," he said.

The US reached its own bilateral deal with Japan on steps to open up the Japanese financial services market, but is concerned about a number of countries in south-east Asia and Latin America.

Some Asian countries have made considerable concessions to foreign banks, but have been unwilling to include these in their Gatt offers because

they would then be unable to reverse them if Japanese institutions came to dominate their markets, as they fear.

The financial services section of the Gatt treaty could not be completed last year largely because the US was dissatisfied with the degree of market access offered by a range of countries in south-east Asia and Latin America.

If no deal is reached by the end of June, the US will apply a form of discretionary reciprocity, allowing free access to financial markets only for countries whose own financial markets are open.

## All action and no talk

While US negotiators try to persuade Japan to open its car parts market, US companies are quietly moving in, reports Michio Nakamoto

US vehicle component makers have been having measurable success in their efforts to further penetrate the Japanese car market, second largest in the world.

Ford yesterday celebrated starting work on its second technology development facility for car components in Japan and said it aims to increase sales of parts in Japan by as much as 30 times over the next five years.

Delco, the electronics components arm of General Motors, yesterday opened a new headquarters in Tokyo and said it would double the number of employees in Japan by the end of the year.

Mr Frank Macher, vice president of Ford's Automotive Components Division, said the company currently has sales of about \$300m in Japanese car-makers, of which \$250m was to transplant facilities in the US and only about \$10m to the Japanese market.

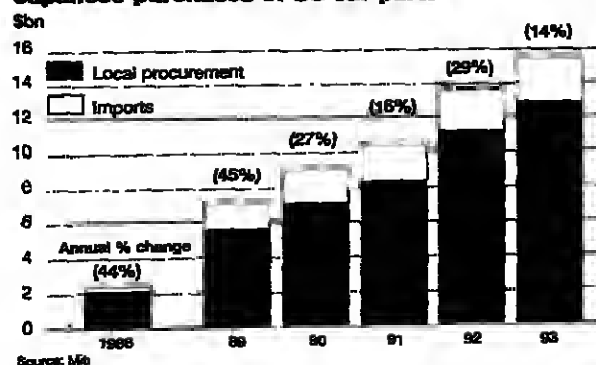
The company aims to double its sales to Japanese carmakers to \$600m by 2000, and hopes that most of the increase will come from business in the Japanese market. Sales in Japan of \$300m, about 30 times its current level, was "daunting", a company official said, but not out of line with what others in the industry were aiming for.

Delco said it had sales in the Asia-Pacific region of about \$170m last year, of which two-thirds went to Japanese customers. However, only about a quarter of total sales to Japanese carmakers was in Japan,

Share of imported cars in Japanese market

	1990	1993	1994	Dec 1994
Total	5.1%	5.7%	6.1%	11.6%
of which:				
European	4.4%	4.0%	5.4%	8.3%
US	0.7%	1.6%	2.7%	3.4%
of which:				
US Big 3	0.4%	0.6%	1.0%	1.3%

Japanese purchases of US car parts



according to Mr Thomas Sheehan, president of Delco Electronics Asia.

Delco did not reveal its sales target for the Japanese market but Mr Sheehan emphasised that the company is making a commitment to the Japanese market and expects to see strong growth in this business.

US component makers are confident the time is right to build up Japanese business. The yen's strength, the greater competitiveness of US parts makers, in terms of both cost and quality, and the pressure from bilateral trade negotiations for Japanese car manu-

facturers to buy more foreign car parts are all advantages enjoyed by US companies.

"I believe American suppliers can provide great value to the Japanese automobile manufacturers in Japan which will put great pressure on the Japanese parts industry to reduce their costs in order to compete," Mr Macher said.

Just over 10 years ago, the yen was at ¥232 to the dollar, there were concerns over the quality of Ford's components and the keiretsu system of intra-group company ties was very strong, Mr Macher noted.

"In 1985, the yen is about ¥90 to ¥100 to the dollar... in most cases our prices are substantially lower than Japanese prices (and) our quality is now equal or better," he said.

The yen's sharp appreciation has meant that Japanese parts makers are under tremendous cost pressures. The plight of the Japanese industry has given US parts makers a tremendous opportunity to expand their presence not only in the Japanese market but also in south-east Asia, where Japanese car companies have significant transplant operations.

Ironically, the confidence of the two US parts makers contrasts with the mood surrounding the US-Japan bilateral trade talks on opening up the Japanese market for cars and car parts.

The talks, which have been going on since autumn 1993, have failed so far to produce any agreement on what measures could be adopted to make Japanese markets more accessible to foreign cars and car parts makers.

Mr Mickey Kantor, US Trade Representative, on Wednesday expressed dissatisfaction with the Japanese government's proposed deregulation package which failed to include measures to open up Japan's tightly regulated vehicle parts spares market, for which the US had been asking.

The two sides are still far from agreement and a Japanese government official said no date has yet been set for the next meeting.

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# Zedillo signals flexible exchange rate policy

## Mexican president tells Stephen Fidler and Leslie Crawford of the need to avoid another currency crisis

President Ernesto Zedillo of Mexico has indicated his preference for a flexible exchange rate policy to encourage exports and avoid the kind of peso overvaluation problems which led to the country's financial crisis.

In an interview Mr Zedillo said too much emphasis had been laid on the exchange rate to bring down inflation. The experience of the last decade "has not been very fortunate".

"When we have had a devaluation, the export sector has reacted very quickly, but then we have put too much of a burden on the nominal exchange rate to attack inflation. That has meant, sooner or later, an overvaluation of the exchange rate and a retreat in the export sector," he said.

"I think that has been very bad for our economy so I intend to push a policy in which we will be seeking stable prices but will not put too much of a burden on the exchange rate."

The peso has been floating since December 22 when the government abandoned efforts to hold an exchange rate floor. Mr Zedillo's government is under pressure from business leaders to establish a new exchange rate regime to reduce uncertainty about the peso, but the president said that could not be done at present because of a lack of foreign exchange reserves.

"As soon as we are able to accumulate a significant level of reserves, I think we should move into a more predictable exchange rate policy," he said.

His exchange rate proposal would mark a pronounced shift with the past. Successive Mexican governments have used the exchange rate as a central tool in the fight against inflation, but this has led to damaging devaluations four times in the past 25 years.

Mr Zedillo said the export sector would be one of the important sources for growth

for the economy, and this would require putting guidelines in place allowing exporters "to foresee the evolution of the nominal exchange rate". The government would aim, he suggested, to preserve very approximately the real value of the exchange rate.

Such a policy is similar to Chile's current exchange rate regime, where the currency is allowed to fluctuate within broad bands set with reference to a calculation of the real exchange rate. The policy has been credited with helping exporters and skewing investment over time into the export sector.

The president said a currency board arrangement - in which Mexican currency could only be issued if backed by foreign exchange reserves - could only work if "you believe you can have international inflation levels and in order to answer that you have to answer many other questions".

Mr Zedillo appeared calm and self-contained, despite the economic and political crisis that has raged almost since he took office. In contrast to his predecessor Mr Carlos Salinas, he gave the interview alone, rather than surrounded by advisers and other attendants. His office contained a picture of Mr Luis Donaldo Colosio, the ruling party's presidential candidate who was murdered last in March last year, and was in keeping with his image of personal austerity.

Austerity was the message of a tough economic package announced by the government last week which is likely to result in a deep recession this year. Mr Zedillo said this was a programme aimed at overcoming an economic emergency.

In the long run, he said, "we want a growing economy and that should be hatched to a large extent

on the promotion of domestic savings".

"We know that for that we have to undergo very substantial tax and institutional reforms that we will be developing over the next few months."

He said that there was no reason to change any of the structural economic reforms so far undertaken in Mexico. Figures released late on Wednesday suggested Mr Zedillo's expectation of a rapid rise in exports could be fulfilled. Preliminary figures from the Bank of Mexico suggested that the country's trade swung into surplus in February for the first time since November 1990. The surplus of \$452m, which compares with a \$330m deficit in January and a \$1.5bn deficit in February 1994, suggested the current account of the balance of payments was broadly in balance, the central bank said.

The turnaround was the result of a rise in exports to \$5.62bn, 24.1 per cent higher

than in February last year, while imports fell 14.4 per cent compared with a year earlier to \$5.17bn. Imports not related to subsequent exports fell 28.4 per cent, the central bank said.

Despite the announcement of the programme, broadly greeted by investors as coherent though belated, the peso continues under pressure. Yesterday, the rate stood at 7.09 to the dollar, compared with 6.96 on Wednesday.

Mr Mauricio González, head of GEA, an economic consultancy based in Mexico City, said his projections suggested that it would be the turnaround in the country's current account - rather than any change in heart by international investors - that would begin to turn the peso around. These benefits could begin to come through within weeks, he said. The trade surplus could rise to as high as \$2.3bn, \$2.4bn in May and June, he said.

# Long haul towards the rule of law

By Stephen Fidler and Leslie Crawford in Mexico City

Mr Antonio Lozano, Mexico's chief law enforcement officer, has achieved in three months the stature of national hero.

Until President Ernesto Zedillo asked him to take the post of attorney-general in December, Mr Lozano was a little-known defence lawyer at the opposition National Action Party (PAN).

Now, he is known throughout the country as the man who dared to put the brother of former president Carlos Salinas behind bars on charges of murder - a move heralded as a profound departure from a past where those with powerful political connections have been above the law.

Mexicans were amazed at the audacity and have begun to admire Mr Lozano's efforts to establish the independence of Mexico's discredited judicial system.

But Mr Lozano's popularity is based on more than his decision to prosecute Mr Raúl Salinas. He has also uncovered an apparent plot behind the assassi-

sination of Mr Luis Donaldo Colosio, presidential candidate of the ruling Institutional Revolutionary Party (PRI), in March last year. The murder was being depicted as the work of a deranged lone assassin.

Also, his office has exposed an alleged cover-up in the investigation of the murder last September of the PRI's secretary general, Mr José Francisco Ruiz Massieu, which Mr Raúl Salinas is accused of having masterminded. In a bizarre turn of events, the man charged with the cover-up is Mr Mario Ruiz Massieu, the dead man's brother, who was deputy attorney-general in the last year of the Salinas administration which stepped down on December 1.

Mr Mario Ruiz Massieu fled to the US in the face of allegations of forgery and intimidation of witnesses in an attempt to shield Mr Raúl Salinas from appearing as a suspect in the inquiry the former law official was leading into his brother's slaying. Mr Mario Ruiz Massieu was arrested in Newark, in the US, 13 days ago as he was trying to board a flight to

Madrid. Mexico has requested his extradition.

A strong incentive for a cover-up could have come from some \$6.8m (\$4.3m) Mr Mario Ruiz Massieu is alleged to have held in US bank accounts.

"Twenty-two deposits were made from February to November 1994," Mr Lozano said. "We have proof the accounts were in his name and that he tried to withdraw funds when he fled to the US."

Mr Lozano believes a civil servant such as Mr Mario Ruiz Massieu could only have amassed such a fortune if he had been in the pay of drug cartels, or if he had "unofficial" jobs in the attorney-general's office to those who stood to benefit from turning a blind eye to the drug trade.

Mr Ruiz Massieu, who as deputy attorney-general was also Mexico's top drug enforcement officer, has proclaimed his innocence.

"There is evidence that drug traffickers now wield enormous economic power with which they can infiltrate government," Mr Lozano said. "It could become a problem of national security."

"I took the decision [to appoint him] so that no-one could say the attorney-general was working merely in the interests of the president," Mr Zedillo said in an interview. "I gave him only one instruction: do your job according to what is established by law."

"I was not in favour of Lozano taking on the worst job in Zedillo's government," admitted Mr Luis Felipe Calderón, the PAN's secretary-general. "But now I must recognise he is doing a great job. He is rescuing the credibility of the attorney-general's office."

"Re-establishing rule of law implies overturning a deeply-imbued culture which the country can no longer sustain," Mr Lozano said.

"It will be a long process. There will be many obstacles, and resistance from those who have an interest in keeping the system the way it is, but we have to start somewhere. People support us because they perceive this is the only way to achieve radical change, equality, justice and the possibility of development."



The head of state and his top lawman: President Ernesto Zedillo (left) and attorney-general Antonio Lozano, pictured late last year when the former proposed reforms to the Mexican judicial system. They face an uphill struggle to make them stick. PHOTOFEST

# Spanish go home smiling despite empty nets

## Bernard Simon watches the Estai leave Newfoundland after a turbot-charged dispute on the high seas

In a part of the world that prides itself on its rich musical traditions, a local Newfoundland radio station yesterday morning played a lively adaptation of that old romantic tune, Blue Spanish Eyes. It began with the line: "You Spanish guys, will no more eat turbot with your fries..."

For a bitter dispute that saw an armed Canadian pursuit on the high seas, the deployment of Spanish naval vessels, and transatlantic sabre-rattling, the affair of the Greenland halibut ended in remarkably good humour.

Down at the docks in St John's, Mr

José Luis Pardo, Spain's ambassador to Canada, clicked away on his camera as the Estai, the rusting, white and red trawler from the Spanish fishing region of Galicia, slipped its moorings.

"The ship is beautiful," said the admiring ambassador, who gave every appearance of enjoying his week in the international spotlight. The Canadians, who accused the Estai of breaking almost every international fishing rule, were typically polite.

A protocol officer from Ottawa was on hand at the quayside, a handful of

Mounties chatted quietly as the Estai warmed its engines, and journalists crowded the ship's decks for their final interviews with the vessel's 27-member crew.

The contrast with last Sunday was extreme. Then the Estai sailed into St John's under escort as thousands of Newfoundlanders lined the hills around the pretty harbour to vent their anger at the modern day Spanish "pirate".

Less than a hundred people were on hand on Wednesday evening to see the ship leave the quayside. By the time the Estai sailed, most of the

onlookers had decided finding shelter from the icy St John's weather was more rewarding than watching another bunch of fishermen go home.

While on dry land in Canada the Estai's crew spent their time under siege from reporters in the Hotel Newfoundland, St John's poshest hotel.

Canada has long blamed foreign trawlers, especially from Spain and Portugal, for depleting fish stocks around the Grand Banks. This anger prompted Canadian officials to apprehend the Estai outside Canadian territorial waters.

"I don't blame the crew," said one unemployed fish plant worker in his rich Newfie accent, more Irish than North American. "We Newfoundlanders were doing much of the same things, catching small fish." A woman nearby chimed in: "Our government is not to blame. They thought the fish stocks would last forever."

The seizure of the Estai and consequent publicity had been a big morale booster for Newfoundland. A porter at the Hotel Newfoundland said the excitement was over "till they hauls the next one in".

# FDA plans to speed approvals

The Food and Drug Administration, which controls which medicines are available in the US, plans to speed up its approvals process. The change could add billions of dollars a year to drug industry revenues. The FDA said it was proposing reforms ranging from allowing drugs companies to change some manufacturing processes without prior FDA approval to ending pre-market reviews of some medical devices.

The move is part of the Clinton administration's efforts to cut red tape. President Bill Clinton yesterday said he was also taking steps to simplify environmental regulations in an effort to promote efficiency and cut costs for small business.

Conservative lobby groups in Washington have argued that FDA-led delays have harmed the health of US citizens. The FDA has said that in Europe, where approvals are often quicker, more drugs are subsequently found to be inadequate or dangerous. It has also pointed out that the approval time, typically less than two years, is only a small proportion of the eight-year or more sequence of research and development a new drug usually requires. Drug sales in the US last year were worth \$54bn (\$24bn), Daniel Green, London.

# Report 'backs affirmative action'

Women and minorities are still excluded from the upper echelons of corporate power, mostly because of entrenched white male attitudes, according to the federal Glass Ceiling Commission. The White House seized on the report as proof that there was still need for affirmative action laws. White men comprise 43 per cent of the labour force but occupy 85 per cent of management jobs at the level of vice president and above. White women have had greater success in middle management, holding nearly 40 per cent of positions, but black women hold only 5 per cent and black men 4 per cent.

Pay discrepancies mirror management rank. The mean income for white male executives in manufacturing was nearly \$60,000 a year and for white women just over \$30,000. The respective figures for black men and women were about \$48,000 and \$38,000 but lower in other sectors. The report found that many white male managers "view the inclusion of minorities and women as a direct threat to their own chances for advancement". The bipartisan commission was first proposed in 1980 by Mrs Elizabeth Dole, then secretary of labour, and established a year later under legislation sponsored by her husband, Senator Robert Dole, now the majority leader. Jurek Martin, Washington.

# US consumer prices edge up

US consumer prices advanced moderately in February, the government said yesterday, indicating that inflation remains largely in check. The Labour Department's Consumer Price Index rose 0.3 per cent last month, matching January's rise. After factoring out volatile food and energy costs, the closely watched core rate of inflation also rose 0.3 per cent compared to a January gain of 0.4 per cent.

The February core rate also matched economists' expectations. The report showed that food and drink prices were up 0.3 per cent in February after falling 0.2 per cent in January. But coffee prices fell 2.3 per cent, the biggest decline since a drop of 2.7 per cent in September 1989. The department reported on Wednesday that producer prices rose moderately for the second consecutive month in February, climbing 0.3 per cent. Reuters, Washington.

# Ottawa acts over dock strike

Canada's government has introduced legislation in Ottawa to force 500 striking Vancouver dock foremen back to work and to get grain and container shipments moving again. The foremen walked out on Monday and longshoremen refused to cross picket lines. The port of Montreal remained closed by a contract dispute with longshoremen which has caused a heavy backlog of container shipments to Europe. Meanwhile negotiations continued between Canadian Pacific and locked-out maintenance workers who have been disrupting rail freight. Robert Gibbons, Montreal.

# EU and Canada talk in effort to end fishing row

By Caroline Southey in Brussels and David White in Madrid

European Union and Canadian officials yesterday held their first formal bilateral meeting to resolve the row over fishing rights off Newfoundland as both sides agreed to avoid provocative actions.

Officials said EU trawlers had undertaken not to fish in the highly sensitive grounds known as the Nose and Tail of the Grand Banks just outside Canada's 200-mile limit. Canada has undertaken not to take any action against

EU trawlers.

Mr Douglas Hurd, the UK foreign secretary, in an attempt to help broker a deal, said he had urged his Canadian and Spanish counterparts to "proceed urgently through negotiation. Both sides should avoid actions which make a solution more difficult," he said.

The release on Wednesday of the Spanish trawler Estai, seized by Canada outside the 200-mile limit, ended the diplomatic impasse and allowed for the resumption of contacts between senior EU and Canadian officials.

The talks in Brussels were aimed at addressing contentious issues bilaterally before a meeting of the North-West Atlantic Fisheries Organisation (NAFO) in Brussels from March 22 to 24. NAFO is responsible for fishing grounds in the Nose and Tail of the Grand Banks. The talks were expected to concentrate on allocation and enforcement of a fishing quota for Greenland halibut, called turbot in Canada.

The two sides will try and find an acceptable formula to the disagreement over a share-out of the 27,000 tonne quota. The original allocation,

which was at the centre of the dispute, allowed Canada 60 per cent of the quota and the EU 12 per cent.

The EU also wants Canada to review protection laws introduced on March 3 which extend Canadian authority beyond its 200-mile limit. Canada will be pressing for tighter enforcement procedures to ensure that the quota is not exceeded.

Despite the release of the trawler, Mr Luis Atienza, Spanish agriculture and fisheries minister, said Spain and the EU would continue to prepare measures to bring pressure on

Canada if necessary.

The Madrid government was not a party to the deal under which the Estai's owners, the Vigo-based company Perelra, posted a C\$800,000 bond for the release of the freezer trawler. Mr Atienza said. The deal did not imply that Spain recognised the legality of Canada's action in seizing the vessel last week, or Canada's jurisdiction in international waters outside its 200-mile zone.

In the northwestern Spanish region of Galicia, where Spain's Greenland halibut fleet is based, regional president Mr Manuel Fraga said yesterday

the conflict was not yet over. Although he was optimistic about prospects for a satisfactory settlement, he said: "The most important steps are those that have yet to be taken. A war has many battles, many manoeuvres and preliminary skirmishes."

Mr Fraga said a tough stance was needed to ensure that the Galician fleet could continue fishing in international waters off Newfoundland. The local fishing industry had adapted its vessels for this activity and had opened up markets for Greenland halibut, especially Japan, he said.

# Greenpeace and nuclear freighter in stormy chase

By Haig Simonian, Environment Correspondent

An extraordinary game of cat and mouse is taking place between Greenpeace and British Nuclear Fuels (BNFL) in some of the world's stormiest waters along the southern tip of South America.

The chase is between the Solo, a vessel owned by the environmental pressure group, and the Pacific Pintail, a specially equipped BNFL freighter.

The Pacific Pintail left the port of Cherbourg in France on February 23 with a cargo of high-level radioactive waste destined for Japan.

Since then it has been shadowed by the Solo despite attempts to keep its route secret, and has been adopting a variety of dodging tactics such as varying its speed.

The battle of wills has been taking place against the backdrop of legal measures by BNFL to try to avoid possible

publicity stunts by the Greenpeace vessel. Earlier this month BNFL successfully took out an injunction in the British courts to keep the Greenpeace ship, and certain members of the movement, at a safe distance while the Pacific Pintail is at sea.

A similar journey two years ago by another BNFL vessel on behalf of Cogema attracted huge publicity because of its cargo of plutonium. Its route involved sailing around the Cape of Good Hope and attracted widespread opposition from countries along the way.

The freighter now seems certain to round Cape Horn, one of the world's least clement locations with its Roaring Fours winds and risk of icebergs.

BNFL says the freighter has the latest safety equipment, including computerised navigational gear, and can negotiate any potential hazard.

The Pacific Pintail is one of four specially converted freighters used by BNFL to ferry nuclear materials to its customers around the world.

It is being used by Cogema, the French state nuclear group, returning high-level waste from its reprocessing plant at La Hague in Normandy to customers in Japan.

A similar journey two years ago by another BNFL vessel on behalf of Cogema attracted huge publicity because of its cargo of plutonium. Its route involved sailing around the Cape of Good Hope and attracted widespread opposition from countries along the way.

Brazil will support Argentina's proposal to increase import tariffs for the Mercosur customs union, despite concerns that the change is a setback for Brazil's economic opening and could add to inflation.

Mr José Artur Denot Medeiros, Brazil's main Mercosur negotiator, said a "small upward adjustment" was being discussed for the common external tariff, which range from zero to 50 per cent and are levied on imports from outside Mercosur.

"It is not a change in policy, it is a provisional adjustment due to changed circumstances and the need to protect trade balances, especially in Argentina," he said.

The proposal, which is likely to lead to an increase by two or three percentage points in the tariffs, will be discussed at a meeting next week with the other two Mercosur partners,

Uruguay and Paraguay.

Brazil has been opening its economy to foreign competition since 1990, and has accelerated the process in the last year after the launch of its new currency, the Real. But a sudden surge in imports, as well as international concern about the financial crises in Mexico and Argentina, seems to have persuaded the government to change tack.

Brazil's trade balance has been in deficit since November, the first time for nearly eight years. The deficit in February is expected to have widened to more than \$100 (\$265m), the biggest shortfall on record.

Uncertainty about exchange rate policy following a 7 per cent devaluation by Brazil last week has also prompted an outflow of foreign investment, which has reached \$2.9bn so far this month, compared to \$187.8m for all of February.

Some economists said the policy change was understand-

able but the announcement of higher tariffs may prompt a surge of imports by traders trying to close contracts before the new tariffs apply. A similar rash of orders for imported cars is being blamed for February's big deficit.

Higher tariffs may also add to inflation, which was already expected to start edging upwards. The government relied on cheaper imports to keep a lid on domestic prices after the Real's success had led to a sharp rise in demand.

The tariff change, combined with the devaluation last week, is expected to start putting pressure on prices from the end of April as domestic producers seize the opportunity to raise them.

According to one official, such increases would come at a "delicate moment". The government has already approved a 43 per cent increase in the national minimum wage from May 1, likely to lead to another consumption surge.



The route of the Pacific Pintail. Source: Greenpeace

Handwritten signature: J. M. 1550



## Clinton backs away from Iran sanctions

By George Graham  
in Washington

The Clinton administration yesterday backed away from efforts to tighten restrictions on trade with Iran, warning that they would hurt the US more than Tehran, unless supported by other major trading nations.

Mr Peter Tarnoff, under-secretary of state for political affairs, told a Senate committee the administration had not ruled out further measures after its move earlier this week to block US oil companies from helping Iran develop its petroleum resources.

But other members of the Group of Seven leading industrial nations did not share the US view of the best strategy to adopt towards Iran, he warned.

"Based on my experience with the G7, I believe we will not be able to convince other major trading partners of Iran to adopt prohibitions on trade in non-sensitive goods," Mr Tarnoff told the Senate banking committee.

The committee's chairman, Senator Alfonse D'Amato, has introduced legislation that would bar US companies from buying Iranian oil. They may now do so for sale in third countries, though not for import into the US.

"We are concerned that some restrictions, not all, but some, unilateral restrictions could hurt Americans more than the

government of Iran," Mr Tarnoff said.

He also warned against attempting to impose sanctions on foreign subsidiaries of US companies that do business with Iran, which he said could provoke complex international litigation.

President Bill Clinton's executive order earlier this week to bar US oil companies from helping Iran to develop its petroleum reserves blocked a deal signed by a Dutch subsidiary of Conoco, the Du Pont affiliate, to develop the Sirri A and E fields near the Straits of Hormuz.

Mr Michael Stinson, a Conoco vice president, told the banking committee that the Sirri fields were within sight of existing fields operated in Dubai territorial waters by his company, and warned that other countries would be happy to develop the fields if Iran wished.

The administration's admission of reluctance to take further economic measures against Iran came as Mr William Perry, the defence secretary, prepared to travel to Saudi Arabia and the Gulf emirates in an effort to bolster the military component of the US strategy of dual containment of Iran and Iraq.

The visit follows concern Iran had positioned missiles and increased troops on a number of small islands at the mouth of the Hormuz Straits.

## Kazakh deputies fall victim in reform battle

John Thornhill on why a mild, progressive president is taking tough action

Nursultan Nazarbayev, president of oil-rich Kazakhstan, has shed many of his old-school communist instincts and developed a reputation as one of the more progressive leaders in central Asia, pursuing mild economic reform, permitting the development of a relatively free press and ostentatiously courting western investors.

But like other reformist leaders in the former Soviet Union he has not shied away from tough action when faced with obstruction from a conservative parliament.

At the weekend he dissolved parliament in the second biggest state in the former Soviet Union and promised to call

fresh elections in an attempt to produce a more amenable legislative body.

Mr Nazarbayev said an investigation had proved that last year's parliamentary elections were invalid. But opponents say the president simply used this as a pretext for seizing greater power and was intent on ruling indefinitely by decree.

The political tensions which have gripped Kazakhstan reflect those common in many former Soviet states. While the executive powers, which are generally exposed to broader international perspectives and harsh macro-economic realities, have tended to espouse

reform agendas, they have invariably clashed with parliamentary deputies who have inherited the instincts and attitudes of the old regime.

The social pain caused by the early stages of economic transition means genuine political grievances are also reflected in parliament. The 29 per cent fall in industrial output in Kazakhstan last year has led to much popular discontent with the concept of "reform".

Other presidents in the former Soviet Union - including Mr Boris Yeltsin in Russia and Mr Askar Akayev in Kyrgyzstan - have both had to resort to extraordinary means when their reformist agendas were blocked by obstructive parliaments. In October 1993 President Boris Yeltsin sent tanks to fire on the White House, which then housed the Supreme Soviet, to resolve the political impasse in the country.

Last year, Mr Akayev in Kyrgyzstan was similarly forced to dissolve parliament, stage a constitutional referendum, and call fresh parliamentary elections in an attempt to win support for his reforms.

And in Belarus, the chairman of the parliament yesterday accused President Alexander Lukashenko of making a

grab for power by suggesting that parliament would be dissolved. Mr Lukashenko has fiercely criticised the Soviet-era parliament for being obstructive and dishonest.

It is difficult to tell how the crisis in Kazakhstan will play itself out. A group of about 100 rebel deputies yesterday formed an alternative "people's parliament" in opposition to Mr Nazarbayev but did not appear to have mustered much support. The deputies also appear reluctant to use force in defence of their position.

For his part, Mr Nazarbayev has proved himself to be conciliatory by temperament, although he embodies the contradictions between continuity and change that characterise politics in central Asia. As the former communist party boss of Kazakhstan, Mr Nazarbayev was one of the few non-Russians to have a seat in President Mikhail Gorbachev's politburo. The prominence he achieved at that time ensured he was elected as the first president of the independent Kazakhstan in December 1991.

But Mr Nazarbayev has had to tread a careful political path to forestall the development of ethnic tensions. Although there are more than 100 different nationalities within Kazakhstan, about 40 per cent of



Nazarbayev: clash with 'Soviet-age' parliament

Asbury Ashwood

the population is Russian. Russians still hold a disproportionate number of senior government jobs although a policy of "Kazakhisation" has attempted to draw more ethnic Kazakhs into positions of influence without inflaming Russian sensitivities. Many Russians have already left the country claiming discrimination.

Mr Nazarbayev yesterday said he believed the rest of the world would look on the political crisis "with understanding" and promised to call an assembly of national groupings to help resolve the situation. But whatever the outcome of this present crisis, the development of democracy in the region is likely to prove volatile. The short experience of independence, the shallowness of civil society and the magnitude of economic transformation are bound to create instability for years to come.



### INTERNATIONAL NEWS DIGEST

## Nigeria to take control of banks

The Nigerian government plans to resume state control over commercial banks less than two years after they were privatised. The move comes two months after a budget which edged towards deregulation of the economy and an agreement with Nigeria's international creditors. The plan by the Bureau of Public Enterprises to take at least 10 per cent of the shares in the big four commercial banks and acquire the right to nominate their managing directors or chairmen has caused alarm in the private sector, but bankers believe that it is not yet government policy.

The bureau's plans coincide with intense rivalry among Nigerian investors for control of leading companies after divestments by some multinationals. At the same time other multinationals are negotiating to buy back control of their subsidiaries following the repeal of foreign investment restrictions in most sectors in January.

The banking proposals were made known in Abuja on Wednesday by Mr Hamza Zayyad, chairman of the bureau and formerly of the Technical Committee on Privatisation and Commercialisation, which supervised the recent sale of state assets in more than 100 companies including banks, steel mills, plantations and hotels. One of the big four banks has been told to delay its annual general meeting next week pending the outcome of the bureau's proposals, which include moving the accounts of parastatal companies from the central bank to the commercial banks which it seeks to control. Paul Adams, Lagos

## Israeli unions in pensions crisis

The Israeli government and the Histadrut trade union federation are trying to resolve a crisis in the Histadrut pension funds which have deficits estimated at Shk30bn (\$6.3bn). Mr Haim Ramon, the Histadrut chairman, has warned that up to half a million workers are in danger of losing their pensions unless the government steps in to rescue the pension funds.

The pension fund debacle is the latest sign of apparent mismanagement in the Histadrut which could damage the governing Labour party in next year's elections. Mr Ramon, who was elected chairman last year on a pledge to clean up the labour organisation, is demanding the government guarantee the pension funds. Mr Ramon also wants a government safety net for new pension fund members which would guarantee up to 98 per cent of the estimated value of a pension upon maturity. The government has said it is sympathetic to Mr Ramon's demands and will announce a series of measures in the coming days. Julian Ocasne, Jerusalem

## Egyptian inflation falls to 10%

Egyptian inflation fell to 10 per cent in the year to the end of January, from 12 per cent one month earlier but up from 7.4 per cent at the end of January 1994, the government said yesterday. The consumer price index fell 1.2 per cent in January, dragging the year-on-year inflation rate down by 2 percentage points. The decline was welcome news for the government, which is trying to bring down interest rates and defend the exchange rate against the view that the Egyptian pound is overvalued. It also partially confirmed the government's potentially alarming rise in inflation late last year was only a temporary and mostly imported phenomenon. Reuter, Cairo

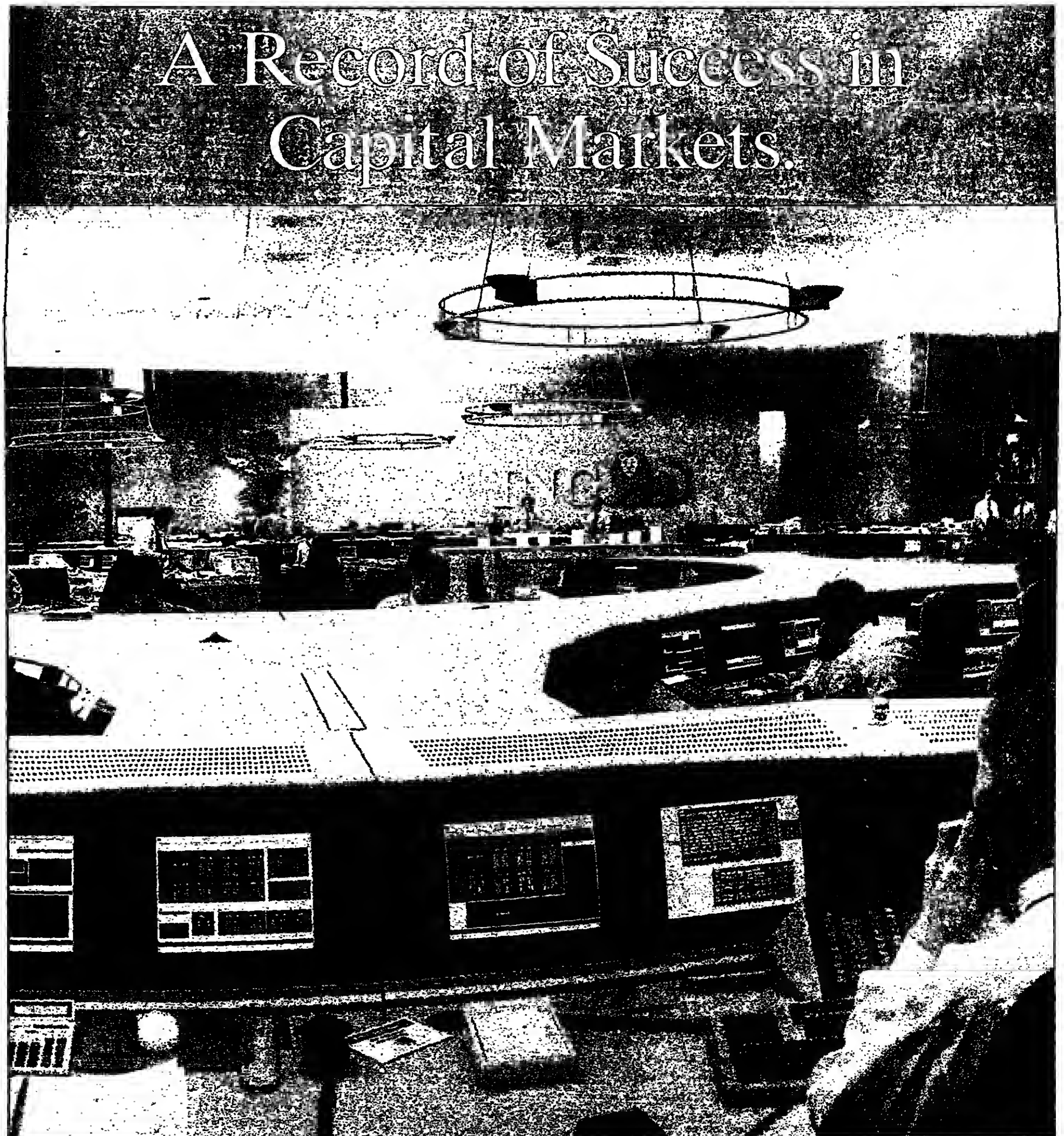
Source: Datastream

argument that a sudden and inflation late last year was only a temporary and mostly imported phenomenon. Reuter, Cairo

## 3m Rwandans face starvation

Up to 3m Rwandan refugees face starvation next month and a deepening food crisis could trigger another outbreak of regional violence, two leading British charities said yesterday. Regional violence, two leading British charities said yesterday, Rwandans who have fled to camps in Zaire, Tanzania and Burundi were furious because they believe recent cuts in their food rations were deliberately applied to force them back to their homeland where they fear they might be killed. Oxfam and Save the Children said.

The two charities said food supplies for about 650,000 refugees in Tanzania would be used by the end of April and there were no assurances of more supplies as international aid funds were drying up. The United Nations World Food Programme has said it needs \$385m to provide food and essential operational support to Rwandan refugees during 1995 but to date only \$155m has been pledged. Reuter, London



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## NEWS: ASIA-PACIFIC

# Court clears Aboriginal land rights act

By Nikid Tait in Sydney

The vexed issue of Aboriginal land rights was resolved yesterday when Australia's High Court declared the federal government's Native Title Act, passed in late 1993, to be valid and threw out a challenge mounted by Western Australia's conservative state government.

The long-awaited decision from Australia's highest judicial authority was hailed as a victory for Aboriginal communities, and will have important implications, especially for Australia's mining industry.

It will also throw into immediate question some 8,000-plus land grants made over the past 15 months by the Western Australian government under its own rival "Land (Titles and Traditional Usage) Act". This was declared by the High Court yesterday to be unconstitutional.

Mr Richard Court, the Western Australian state premier, vowed to keep fighting the federal government at the political level, although he acknowledged that legal avenues had been exhausted. However, Mr Paul Keating, Australia's Labor prime minister, said that the matter was resolved: "The WA government now has no choice but to fall in line and accept that the High Court... (has) recognised the existence of a new set of property rights."

The federal government drafted its Native Title Act in response to a 1992 High Court ruling which said that the nation's indigenous population should be able to assert native title claims if a "close and continuing" relationship with the land in question still existed. This ruling threw out the underlying principle on which Australian land management had been based for two centuries - namely, that the country

was uninhabited before European settlement.

However, the 1992 ruling also said that land titles acquired under accepted law since European settlement should not be disturbed. In an effort to marry these two pronouncements, the Native Title Act set up a system for "validating" existing land titles, and for paying compensation to Aborigines if genuine native title claims were extinguished as a result of this process.

Most states eventually introduced their own native title legislation, which was compatible with the federal law. But the Western Australian state government responded by introducing the rival Land Act, which extinguished all native title and offered much weaker "rights to traditional usage" of the land (for ceremonial purposes, for example) instead. This act was challenged by Aboriginal

groups, who claimed that it breached the Racial Discrimination Act, while the state government counter-challenged the federal legislation.

Western Australia's attitude and its prevailing legal system are crucial because this is the state where successful native title claims under the federal approach are most likely to occur. It is also where much of Australia's land-based mining industry is centred.

It has been calculated, for example, around 40 per cent of WA could fall subject to native title claims. In eastern states, where more development has occurred, the "close and continuing" land association condition is more likely to have been broken.

AFF adds from Perth: Mr Ron Manners, chairman of Croesus Mining, a WA gold miner, said the court decision "signals a mass exodus, because now mining is being made to feel very

unwelcome in Australia. This comes at a time when all these other newly emerging countries are making our mining companies so welcome overseas, with very clear-cut legislation, where there are no impediments to mining." He described the ruling as "a very unfortunate circumstance for Australia."

Mr George Savell, chief executive of the WA Association of Mining and Exploration Companies, said: "This causes some uncertainty for the industry, and it has long-term implications."

For the Perth government Mr Court described the legal ruling as the most significant stripping of power from a state by a federal government since the states joined in federation in 1901. "The ruling puts Western Australia in a position where we have effectively lost land management control over a large part of the state," he said.

## Beijing forced to revise bank law

By Tony Walker in Beijing

China's parliament is demanding an enhanced supervisory role over the People's Bank under a new central bank law due to be adopted tomorrow.

Deputies to the National People's Congress, now meeting, have forced the government to make revisions to the legislation, which is designed to bolster the central bank's role as the leader in the fight against inflation.

Chinese reports did not provide details of changes to the

legislation, but deputies have criticised the bill for providing inadequate safeguards for the bank's autonomy.

Argument has focused on the role of a "Monetary Policy Committee" to be set up under the new law, with deputies saying that, far from being a relatively independent institution, it would be the government's tool.

The State Council, or cabinet, will make appointments to the monetary committee, thus ensuring a large measure of control over the institution. NPC deputies argue that the central bank should be

afforded parliamentary protection.

Some deputies expressed concerns that under the proposed law the central bank would both formulate monetary policy and implement it. But their proposals for greater NPC supervision of the bank were vague.

Legislators also fear that a strengthened central bank would enforce stricter monetary controls, thus further squeezing funds available for the faltering state sector.

But senior Chinese bankers and economists worry about

undue influence from the State Council over the bank's activities.

Mr Liu Junhao, governor of the Bank of China's Shanghai branch and an NPC delegate, fears for the central bank's independence to conduct monetary policy under the new law.

A Chinese economist said yesterday there was no doubt that under the law the bank would be "an instrument of the government". The State Council had won the argument, he said. The People's Bank itself had proposed that it retain a greater degree of autonomy, but these attempts failed.

## Frustration as Kobe rebuilds

Housing has become the biggest problem, reports Emiko Terazono

Kobe, the western Japanese port city devastated by earthquake two months ago today, welcomed the resurrection of its Chinatown earlier this week as the district's reopening was celebrated with a traditional lion dance and fireworks.

The rebuilding of Kobe has been pursued vigorously, with the municipal government putting infrastructure, including roads and rail systems, back in place. The bullet train is due to resume service to the area in mid-April, while replacement of the toppled Hanshin elevated expressway has been brought forward by three years to 1996.

But although upbeat footage on local television of the stretch of newly rebuilt railway presents viewers with an image of progress, much of the residential areas not shown by the cameras remains untouched. Many of the crumbled houses have yet to be cleared. Because of the scale of the damage, local officials estimate it will take more than a year to clear all the rubble from residential lots and rather longer to rebuild houses.

The housing problem has become the biggest barrier for residents, who are trying to put their lives back together. Temporary housing for the bulk of those made homeless in the quake has been arranged and the number of evacuees at the camps has fallen from a peak of 314,000 to 86,000.

Those with relatives outside Hyogo prefecture, of which Kobe is the main city, have moved out while large companies have taken apartments for their employees in less affected areas.

For those remaining in the evacuation camps, the prefecture plans to supply 40,000 prefabricated homes. But so far, the authorities have managed to supply only about 10,000 -

problems include a lack of suitable land, a shortage of construction workers and congested roads which hamper transport of the materials needed.

Rebuilding permanent houses has made even slower progress. Those whose land falls within the various municipal governments' re-zoning programmes are finding they cannot reconstruct their houses until the blueprint for the plans is agreed, and some will be forced to move out as roads are widened and new parks are created.

The re-zoning projects in 13 areas announced recently by local governments have met strong public criticism. "The city is adding to our stress when we are trying to cope," says a resident opposing the construction of a road near his home.

The local governments, on the other hand, want to use the opportunity to improve their residential districts.

Flat owners in damaged apartment complexes are facing frustration over the slow pace of reconstruction law requires all owners within a block to agree to reconstruction. Funding such projects is also a problem for many of the owners, who are already saddled with mortgage payments.

Residents are meanwhile irritated by economists' comments in the local media hailing the positive macroeconomic effects of the reconstruction. Many forecasters have revised their economic growth predictions upwards following the earthquake because of expected demand for rebuilding.

"Who knows how long it's going to take before life returns to normal again? And how do the economists know it's going to be positive?" complains Mr Michiharu Sato, a middle aged office worker.

## ASIA-PACIFIC NEWS DIGEST

## Boatpeople must return in a year

The last 42,000 Vietnamese boatpeople still in camps in Hong Kong and south-east Asia will have to return home within 12 months, Mrs Sadako Ogata, United Nations High Commissioner for Refugees, yesterday told a meeting of donor and asylum countries in Geneva. She said it was time to wind up operations under the 1989 comprehensive plan of action for Vietnamese and Laotian boatpeople, which has arranged resettlement for political refugees and repatriation for the rest.

The plan has run into financial trouble, with only \$1m raised for this year out of the \$77m UNHCR says it needs. UNHCR officials said yesterday they expected more funds to be forthcoming, but warned that without extra cash they could not maintain the programme. The meeting endorsed a target date of the end of this year for completing repatriation and resettlement for south-east Asian nations. Hong Kong, with over 22,000 Vietnamese awaiting repatriation, hopes to close its camps a couple of months later. The Hanoi government has agreed to accept 3,600 returnees a month and to simplify procedures, Mrs Ogata said. Mr Werner Blatter, UNHCR regional director for Asia, said there was "no substantive evidence of any ill-treatment" of the 70,000 who have already returned. Since the fall of South Vietnam in 1975, over 839,000 Vietnamese have sought asylum, of whom 753,000 have been resettled. By the end of this year the UNHCR hopes to have found resettlement places for the remaining 3,180 refugees. Frances Williams, Geneva

## NZ growth exceeds forecasts

Far stronger than expected economic growth in the past six months ruled out any prospect of lower interest rates or a weaker Kiwi dollar, Mr Don Brash, governor of the Reserve Bank of New Zealand, said yesterday. Releasing the six-monthly economic forecasts, treated as a mini budget in New Zealand because of the central bank's role in managing monetary policy, Mr Brash said the bank had erred in its previous assessment of economic growth last September, and should have tightened policy earlier than its actions in December.

Gross domestic product for 1994, which it had forecast at 4.5 per cent, was instead 6.5 per cent because of greater investment flows than expected. Because of lags involved in tightening monetary policy, inflation over the coming months would be "perilously close" to the top of the 2 per cent target range. Terry Hall, Wellington

## Mieno denies loan pressure

Mr Yasushi Mieno, former governor of the Bank of Japan (left), yesterday denied political pressure was behind the controversial decision to bail out two small financial institutions facing mounting bad loans. Testifying before parliament, he said he had no direct discussions with politicians over the bailout, adding that the collapse of the two credit associations posed a threat to the country's financial system. Also appearing was Mr Tetsuya Horie, president of Long Term Credit Bank, a leading creditor of the two credit associations. He rejected suggestions that LTCB was responsible for overseeing the institutions' management policies. Last week, Mr Harunori Takahashi, former president of Tokyo Kyowa and famous as a speculative property developer, alleged that LTCB had approved the institution's day to day operations until 1993. Emiko Terazono, Tokyo

Money supply creeps ahead

Japanese money supply growth crept ahead in February, but remains well below the level most economists accept is needed to accelerate the weak economic upturn. The annual growth in the benchmark measure of M2 plus certificates of deposit rose to 3.6 per cent last month, the highest since June 1991, the Bank of Japan announced. That compares with a revised 3.2 per cent in January, but is less than half the growth rates achieved in the late 1980s. A more broadly defined measure of liquidity, also including postal savings, rose by 4 per cent in February. Japan's industrial production in January fell a revised 1.5 per cent from the previous month, against a preliminary 1.4 per cent drop, the ministry of International Trade and Industry said. AFP, Tokyo

Philippine exports dropped 11.5 per cent in January from December but were nearly 22 per cent up on a year earlier, the National Statistics Office in Manila said. Edward Luce, Manila

## Why Karachi business acted

Farhan Bokhari on deadly violence in Pakistan's commercial capital

Mr Abdul Wahid, a jeweller in the heart of Karachi's busy Saddar district, will not open the door to prospective clients unless they have been to his store before. Like thousands of other businessmen in Pakistan's commercial capital, he is terrified. The bearded businessman in his early 50s says: "I turn away those that I don't know. They may be robbers or killers. How can anyone do good business in this city?"

Mr Wahid has reason to be fearful. Karachi's worst outbreak of violence has left almost 1,200 people dead since the beginning of last year. Now fear is inspiring businessmen to launch a protest campaign against the government of Ms Benazir Bhutto for its failure to restore peace to the city. The Federation of Pakistan's Chambers of Commerce and Industry, the country's top business grouping, has called for businesses to close nationwide on March 25, followed by an advertising boycott of state-owned local radio and television. The move is seen as the start of the most intense confrontation between business and government during Ms Bhutto's 17 months in office.

The southern port city's small expatriate community has become alarmed following last week's killing of two Americans working at the US consulate. Many foreign companies have advised businessmen coming from other countries to delay travel plans until the position improves.

In Washington the State Department late on Wednesday ordered US officials in Karachi to send their school-age chil-

dren home and authorised other family members to leave Pakistan if they wished. Ms Christine Shelby, its spokeswoman, said: "While there are currently no credible reports of any specific threat against Americans in Karachi, such threats cannot be ruled out."

As Mr Yunus Khan, head of Deutsche Bank in Pakistan and chairman of the country's German business council, puts it: "As far as they (foreigners) are concerned, they think it is highly unsafe for them to come, especially to Karachi."

Most of the violence appears confined to areas well outside the central business and banking districts. But businessmen are worried that the killings will none the less affect their profits. The Karachi Stock Exchange 100 index yesterday fell 32.63 points, or 2.45 per cent, to 1,695.57 - a 16 month low and 36.3 per cent below its peak of a year ago.

Mr Yakub Karim, chairman of the association of industries at Sindh Industrial and Trading Estate, the city's main industrial belt, estimates that up to 30 per cent of workers are absent on an average day, largely because many in poorer areas refuse to leave their homes for fear of being killed.

Most killings are alleged to be the work of rival gangs sponsored by the two factions of the Mohajir Qaumi Movement, Karachi's largest political party. The movement mainly represents Urdu speaking Moslems who migrated from India at the 1947 partition of the subcontinent. The MQM has been split between those loyal to Mr Altaf Hussain, founder of the movement, who

is in exile in London, and a group of dissidents. The two sides have been killing each other's members in order to establish supremacy in the city, police say.

Tensions have been inflamed by at least three attacks on places of worship belonging to Shia Moslems. No one admitted responsibility. Officials are concerned that groups of hard-line Shias may retaliate against Pakistan's Sunni Moslem majority.

Ms Bhutto promised this week to get tough, and police arrested up to 300 activists from different groups. But businessmen are also demand-

ing the governor and chief minister of Sindh, of which Karachi is the capital, should both be sacked because they failed to stem the decline in law and order. The FPCCI also wants the city to be put under curfew and army troops called back for three months equipped with wide powers of arrest and interrogation.

The provincial governor and chief minister, however, are close allies of Ms Bhutto and a redeployment of the army could backfire: last November, a 25-month military operation ended with troops being withdrawn amid allegations of human rights violations.

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## NEWS: UK

# Adams move expected on IRA weapons

By John Kampner and James Fitz in London and Jurek Martin in Washington

Britain and Ireland expect some move by Sinn Féin on decommissioning of IRA weapons shortly after the leader of the IRA's political wing Mr Gerry Adams returns from the US.

Officials said that while in Washington Mr Adams was unlikely to make a gesture that might satisfy UK conditions for upgrading talks to ministerial level.

But they were preparing for a "substantive statement" from Mr Adams possibly next week.

Mr Adams was among the guests at a St Patrick's Day lunch on Capitol Hill yesterday attended by President Bill Clinton and Mr John Bruton, the Irish prime minister. But contact between the leader of Sinn Féin and the president appeared limited to a brief exchange of words.

At Westminster, ministers expressed satisfaction at remarks by Mr Richard Holbrooke, US assistant secretary of state, in which he called on Sinn Féin to ensure that decommissioning begins immediately.

Mr Holbrooke drew a distinction between constitutional parties and "the political representatives of paramilitary groups who have retained the right to return to violence if they do not achieve their goals".

The initiative from the State Department, which is understood to have opposed Mr Clinton's decision to allow Mr Adams to raise funds in the US, appeared part of efforts to heal the rift between London and Washington of the past week.

But, in the continuing game of diplomatic cat and mouse, Downing Street indicated that the long-awaited telephone conversation between Mr John Major and Mr Clinton would take place only at the week-end.

Mr Douglas Hurd, foreign secretary, said that "on balance" the US administration's approach "is certainly helpful".

"There have been differences of emphasis and now there is a coming together," Mr Hurd told journalists.

He called for a less emotional assessment of transatlantic ties. "I wouldn't use the phrase special relationship," Mr Hurd said. "It is not used by any of the practitioners to a very great extent."

However, he added: "There are elements that are unique."

Mr Adams and Mr Clinton were seated at different tables during the Capitol Hill lunch given by Congressman Newt Gingrich, Speaker of the House, in honour of Mr Bruton.

By accident, though, their two limousines arrived almost together on the rear steps of Congress but the two men made no eye contact.

# 'Feel-bad' factor afflicts chancellor

By Peter Norman, Economics Editor

Mr Kenneth Clarke, the UK chancellor, was yesterday trying to extricate himself from the political storm that followed his prediction that Britain's missing feel-good factor may not appear for at least another two years.

But some of his advisers are already looking ahead to a much gloomier prospect: Britain's next economic downturn.

Mr Chris Riley, head of medium term policy analysis at the Treasury, told an economic seminar on Wednesday it would be "quite extraordinary" if Britain were to avoid "a downturn in some sense" by 1999.

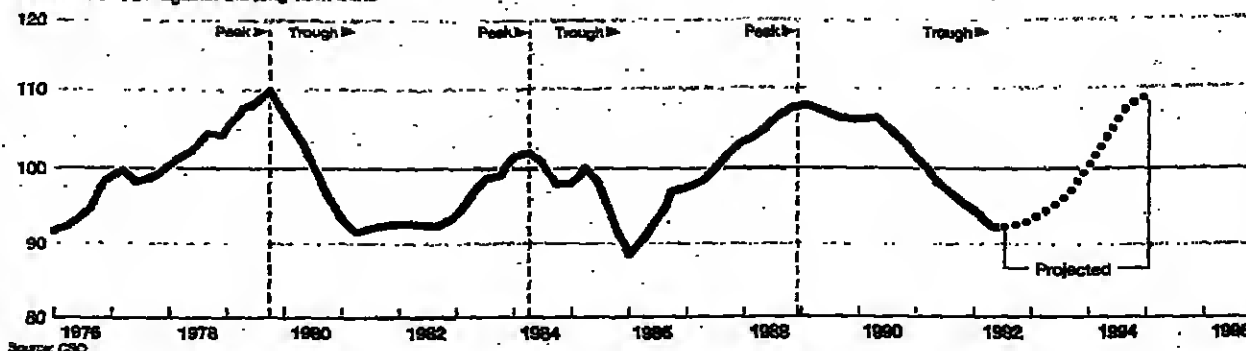
At the same event, two of Mr Clarke's six-man panel of independent economic forecasters, the so-called "wise men", expressed similar views. Mr Andrew Britton, head of the National Institute of Economic and Social Research, and Prof David Currie, head of forecasting at the London Business School, were sceptical that the government could avoid recessions.

Mr Clarke's aim is to iron out the boom and bust cycles that have marked Britain's post second world war economy and achieve the holy grail of sustained, non-inflationary growth. To this end he has been prepared to raise interest rates before a significant upturn in inflation and, as shown again in radio interviews this week, shrug aside the persistent "feel-bad" factor among the population at large.

But those from the City, industry, and the media who attended this week's seminar on "conditions for sustained

## The ups and downs of the UK economy

Deviation of GDP against the long-term trend



Weak tax receipts meant the government had to borrow £5.2bn (\$8.52bn) last month to meet the shortfall between revenue and spending, official figures showed yesterday, Robert Chote writes.

The public sector borrowing requirement was higher than City economists expected and takes cumulative borrowing for the first 11 months of the financial year to £25.2bn. The Treasury said it was still on track to hit its Budget forecast of a £24.3bn PSBR for the financial year as a whole.

Central government receipts totalled

£16.6bn in February, failing to match the 8.5 per cent increase over 1993-94 levels which has been achieved so far this year. Tax receipts have been somewhat subdued because the recovery has produced a relatively modest upturn in personal incomes and consumer spending.

Corporation tax receipts totalled £479m in February, more than twice the figure in the same month a year ago. Rapid profit growth recently prompted the Treasury to raise its estimate of the revenue yield from a 1p rise in the corporation tax rate in 1996-97 from £710m to £850m.

Net departmental spending totalled £20.9bn in February and has so far this year run 2.5 per cent higher than in 1993-94. The relatively modest rise reflects the impact of falling unemployment on the social security bill.

Local authorities and public corporations both repaid debt during the month. Some £18m has been paid so far during this financial year as interest on the public debt. Economists were divided as to whether the government would overshoot or undershoot its Budget forecast for the full year.

economic growth", organised by the National Institute and the Economic and Social Research Council, might have wondered why he is bothering.

Mr Britton noted that the average length of economic cycle in Britain had been about 4½ years since the late 1950s. "Judging simply from this experience it would be surprising if there was no downturn in the 1990s. Indeed one could say that the next downturn could be expected any time now," he said.

According to Mr Riley, there has only been one cycle in the

past 140 years as long as that of the 1980s, when apart from a "growth pause" in the middle of the decade, the economy grew steadily from the first quarter of 1981 to the second quarter of 1990. That previous long cycle was at the end of the nineteenth century.

Mr Riley's message was that economic policymakers would have to perform much better than in the past to avoid a downturn in this decade. However, a downturn need not result in a recession. Britain experienced "growth recessions", when output growth

slowed below trend in the 1950s and 1960s as well for most of 1984 and 1985.

Mr Riley pointed out that several factors could bring an end to growth. But as far as three of the Treasury's panel of wise men are concerned, the government's current target of steering underlying inflation into a narrow 1 to 2½ per cent range by the end of this parliament is not helping matters.

Mr Britton said halving the target range for the retail prices index, excluding mortgage interest payments, from the original 1 to 4 per cent was

not realistic. Base rates would have to be raised to somewhat above 8 per cent from 6.75 per cent at present to keep inflation below 2½ per cent.

Mr Gavyn Davies, chief economist of Goldman Sachs International and another "wise man", said the government should consider a wider band of 0 to 4 per cent or emulate other countries and aim at a less specific goal. Britain would need to raise interest rates again to have inflation near to 2 per cent on a two year horizon, Mr Davies warned.

# High-tech companies bemoan skills shortage in Wales

By Lisa Wood and Roland Adburgham

A shortage of skilled workers and suitable young recruits could stem the flow of inward investment into Wales, one of the largest Japanese manufacturers in the principality warned yesterday.

Mr David Fowler, personnel director of Panasonic, which employs 2,000 in Cardiff making televisions

and microwave ovens, said high-tech companies were in desperate need of better trained recruits and graduates to maintain their competitive edge.

"Panasonic and others are finding shortages of trained people entering the manufacturing industry," he said. Last year, Panasonic had had 200 applicants for apprenticeships, but found only three worth recruiting. The number of women who applied was in single figures.

Sony, the Japanese electronics manufacturer which employs 3,200 in south Wales, confirmed the difficulties in finding suitable school leavers for apprenticeships. Too many either lacked the minimum educational requirements, which were five GCSE passes at C grade or above, or they dropped out during their apprenticeships.

The company said one reason was

schools encouraging students to stay on, when many were suited to vocational training. Engineering, even for "clean" high-tech companies, also still suffered from an image problem in attracting recruits. Mr Charles Middleton, chief executive of Training Services Wales, the largest training provider in south Wales representing 150 companies, said it was not a new problem, and not confined to Wales, but was becoming more

acute as companies sought to expand. "There is no doubt whatsoever there is a shortage of quality candidates coming into engineering," he agreed with Panasonic that this risked damaging inward investment into Wales. As well as the need for schools to improve maths and science teaching, parental attitudes towards engineering as a career for their children needed to change.

Sumitomo Precision Products of

Japan has bought a Welsh subsidiary of Electrotech, a leading UK producer of microchip machinery.

The purchase of Surface Technology Systems, based at Abercromby in Gwent, is for an undisclosed price.

Mr Iwao Takai, president of STS, said yesterday: "It is our first expansion outside Japan and we're confident that STS will give us a significant edge in the semiconductor production equipment business."

# Pyramid selling legal move planned

The British government is planning to make it a criminal offence to operate pyramid investment schemes in which participants receive income from payments by other participants, Stewart Dalby writes.

The move against money circulation schemes was announced yesterday by Earl Ferrers, minister for consumer affairs at the Department of Trade and Industry, in a consultation document proposing changes to the Fair Trading Act 1973.

Schemes involving the legitimate, direct selling of goods - household cleaning materials, jewellery and water filters are typical examples - but which have a pyramid element will be largely unaffected. But the DTI is to look closely at the relationships involved.

The schemes under attack redistribute money from new subscribers to those a few layers above, with "investors" attracted through mail-shots or advertisements in shop windows and newspapers promising large profits. The "profits" are the subscriptions of the most recent recruits so that as soon as the stream of new "investors" dries up, so do the payments. There is no underlying investment and continuous expansion is necessary for anyone to profit.

The direct selling schemes which will be looked at are those in which sales agents get commission not just on their own deals but on those made by people they have recruited. In these, the more layers of agents there are, the more the agent at the top earns.

The plans were welcomed by the Direct Selling Association, which says its membership accounts for 45 per cent of all direct selling in Britain.

The DTI has already forced a number of pyramid investment schemes to cease operating since last July.

"The DTI said yesterday: 'Unscrupulous promoters appear to devise schemes deliberately to avoid being subject to the Fair Trading Act's control.'"

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## NEWS: UK

# Insolvency ruling may hit receivers

By Ralph Atkins

The British government was last night under pressure to introduce retrospective legislation after a House of Lords judgment which could leave administrators and receivers facing bills running into hundreds of millions of pounds.

The Lords ruled that administrators and receivers may be liable to pay damages to an estimated 500,000 former employees of companies that ran into financial difficulty between 1986 and last year. The Department of Trade and Industry said it was "urgently considering" the judgment.

The Society of Practitioners of Insolvency said the decision would "penalise receivers for saving jobs". It could also produce "windfall" payments for high paid directors of companies that ran into trouble because they were the most likely to make compensation claims.

Last night more than 1,000 former employees of Leyland Daf and Ferranti - two companies at the centre of yesterday's ruling - indicated they would be claiming damages after being dismissed by receivers two years ago.

The Lords' decision means ordinary creditors of failed companies face receiving smaller amounts as former

employees take preference. Considerable delays pending the flood of damages claims are also likely to result from the ruling.

Receivers themselves could also be liable where cases have been closed. Damages will be decided on an individual basis.

The problem stems from a miswording in the 1986 Insolvency Act which was interpreted by the Court of Appeal last year as making administrators and receivers liable to pay all contractual benefits due to employees who were kept on for more than 14 days.

The Court of Appeal ruling rocked

the insolvency profession which had assumed it could be released from contractual responsibilities by a standard letter sent to employees of troubled companies. This typically said employment contracts were not being adopted but salaries would continue to be paid.

The case was bought by administrators of Paramount Airways as well as the receivers of Leyland Daf and Ferranti but could apply to about 20,000 other cases. Arthur Andersen, receivers of Leyland Daf and Ferranti, said it had retained sufficient funds to enable both insolvent companies to meet their obligations under yesterday's judgment.

## UK NEWS DIGEST

## Law Lords back 'no union' rule

The law lords unanimously ruled yesterday that employers are legally entitled to withhold pay rises from employees who refuse to sign personal contracts that remove their union-based negotiating rights.

Their decision overturns a Court of Appeal judgment two years ago backing union claims that some journalists employed by Associated Newspapers and dockers employed by Associated British Ports suffered unlawful discrimination when refused pay rises given to colleagues who had signed personal job contracts and accepted union derecognition.

In 1993 the government changed the law in response to the earlier Court of Appeal judgment. Since then, UK employers have been able to make changes in their relations with staff. But the change in the law was not made retrospective.

The International Labour Organisation's committee of experts has ruled that the 1993 changes contravene the freedom of association convention, which upholds the freedom of workers to organise themselves in unions. Britain is a signatory to it but it has no legal force. *Andrew Bolger*

## Underground needs 'extra £1bn subsidy'

London Underground yesterday said it would need an extra £1bn of government subsidy over the next five years if passengers are not to be faced with a "patch and mend" service.

The Underground requires about £750m a year to run its trains and maintain the system, it said. About £400m a year will be provided by the government in 1995-96 with a further £100m coming from the Underground itself, in the form of fare revenues, cost savings and the involvement of private finance. This leaves a shortfall of about £250m a year.

Public subsidy met 6.5 per cent of London Transport's operating costs in 1992-93 compared with 82.5 per cent in Rome, 71.5 per cent in Amsterdam, and 53 per cent in Paris. Only Dublin received a smaller proportion - 4 per cent. On average public subsidy met 51 per cent of public transport costs in 10 European cities. *Charles Batchelor*

## MOD reviews export order strategy

The government yesterday said that in future it would support only one defence company bid for each export order.

The Ministry of Defence has until now supported every company chasing an export defence order. Mr Roger Freeman, defence procurement

minister, yesterday denied that the UK was trying to pick winners among its defence exporters. He said the current policy risked two British companies running down one another's products and potentially letting in a third party. In future, the MoD would support the company which it decided had the best credentials to win the contract.

The policy switch is part of an effort to win more than £50m a year in defence export sales, to secure jobs and cut the cost of weapons to UK forces by producing equipment in longer production runs. *Bernard Gray*

## Scots win Irish windfarm contract

ScottishPower has won a contract to build and operate a windfarm in the north west of Ireland as part of a Dublin government programme to promote alternative energy. It is the company's first order outside the UK.

The windfarm at Barnmore, County Donegal, will comprise about 25 turbines, each with a capacity of 600 kilowatts. The total 15 megawatts generated will be enough to supply a town of 15,000 people.

ScottishPower already holds the contracts to supply a total of 15 megawatts from three windfarms in Northern Ireland. The company's first windfarm - a joint venture with Japan's Tomon Corporation and SeaWest of the US - operates in mid-Wales and has been generating since late 1992. *Michael Smith*

## Crufts link with Samsung attacked

The International Fund for Animal Welfare yesterday urged the Kennel Club to cut its links with Samsung, the Korean electronics company which is a sponsor of the annual Crufts dog show.

The fund says up to 3m dogs are processed for the Korean food industry every year.

Samsung became involved with the show - which opened yesterday at the National Exhibition Centre in Birmingham - because Mr Kun Hee Lee, the chairman, takes an interest in pedigree dogs and has campaigned for improved animal welfare standards in Korea. The company has supported Crufts for three years. The fund stressed it had no doubts about Samsung's sincere motives for supporting the show, but said the Kennel Club, which organises the show, was giving the wrong messages by maintaining links with Korea. *PA News*

## Unions fear for workers' safety

British workers will face greater danger at work as a result of reductions in the number of government health and safety inspectors, according to the Trades Union Congress.

The TUC said 85 senior inspectors and medical advisers would today leave the Health and Safety Executive under an early retirement policy designed to save money. The TUC said the cuts came as the HSE was facing increased demands in dangerous industries such as construction, railways and gas supply. *Andrew Bolger*

# Tests cast doubt on treatments for heart attack

By Daniel Green

Two heart attack treatments widely accepted by doctors as effective do not help patients live longer, according to results of the latest in a series of large-scale clinical trials.

The failure of the two treatments - nitrates and magnesium - is "a major disappointment", says Rory Collins, co-ordinator of the Isis studies and senior research fellow at the British Heart Foundation, a medical charity.

A third treatment - a class of drugs called ACE-inhibitors - had some effect. It "produced a small but real survival advantage: one life saved for about 200 patients treated", says the British Heart Foundation.

The results of the Isis-4 study could be as influential as its predecessor, Isis-3, in changing the way that doctors treat heart attack patients.

Isis-3 showed that there was little if any advantage in using the expensive new "clot-buster" drug tPA, rather than a 30-year-old and much cheaper drug, streptokinase.

Isis-4, published in the medical journal *The Lancet*, follows the progress of 58,050 patients in 1,086 hospitals undergoing three different approaches to treating heart attacks.

One treatment was the ACE-inhibitor captopril, made by US company Bristol-Myers Squibb and also known by its brand

name, Capoten. In Isis-4, captopril was given after a heart attack for a month, at a drug cost of about £20. This gives a "drug cost per life saved of a few thousand pounds" says the study. Collins says that this is a respectable figure and the cost should drop over the next year or two as ACE-inhibitors lose patent protection and compete with generic rivals.

The other two regimes, using nitrates and magnesium, had no benefit on the survival rates of heart attack victims, according to the study. Magnesium may even make them worse.

Nitrates dilate blood vessels. Since heart attacks are the result of inadequate blood flow to the heart, nitrates should help. In practice, although they ease pain, they have virtually no effect on the survival of the patient, says the Isis-4 study.

Magnesium appears to reduce damage to the heart muscle and improve performance without increasing effort. But more patients on magnesium died than in the control group, although the difference was too small to be statistically significant.

The results of Isis-4 are unlikely to have as great a commercial effect as did Isis-3. While tPA was a drug under patent owned by US biotechnology company Genentech, nitrates and magnesium are old, unpatented and therefore cheap.

By Clive Cookson and Daniel Green

The Wellcome Trust yesterday celebrated its emergence as the world's wealthiest charity - following Glaxo's takeover of Wellcome, the drug company in which it had a 40 per cent stake - by revealing plans to spend more on medical research, particularly overseas.

The London-based trust expects to have an income close to £300m (£492m) this year, up from £250m in 1994, £50m in 1989 and only £13m in 1984. After it receives a £2.45bn cheque from Glaxo on March 31, its capital base will rise to £5.8bn - well ahead of the richest US foundation, Howard Hughes, which also funds medical research.

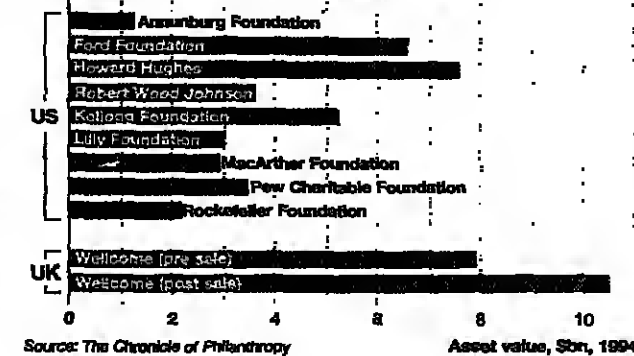
Until now the trust's approach has been rather "anglocentric", says Dr Bridget Ogilvie, its Australian-born director. Only 2 per cent of Wellcome grants go outside the UK.

In future the trust will develop a more "international perspective", according to Sir Roger Gibbs, its chairman. The first sign of that is a commitment to spend an extra £50m over the next five years on worldwide "population research".

The decision to focus funds on population research, including the development of new contraceptives, follows last year's International Conference on Population in Cairo. Scientists made the point that both industry and govern-

## The world's richest charities

Comparison with major US and UK charitable foundations



Source: The Chronicle of Philanthropy

ments neglected research in this area, because of its political and religious sensitivities.

"The investment in contraceptive research by pharmaceutical companies is very small compared to their revenues from selling contraceptives," Dr Ogilvie says.

Within the UK, the trust will be spending about as much as the government's Medical Research Council.

The two bodies are already working closely together - for example they are jointly funding the new Sanger Centre for genetics research and the European Bioinformatics Institute near Cambridge - and they plan further partnerships in the future.

Another aspect of Wellcome's new research strategy is that, for the first time, the trust will take "an active approach to protecting and

exploiting intellectual property for health gain." In the past the trust has left the patenting and exploitation of its research results to the scientists and their universities.

Wellcome plans to develop a patenting and licensing operation in collaboration with CRC Technology, the intellectual property arm of the Cancer Research Campaign.

The trust has always adopted a low profile, compared to charities like the CRC which rely on collecting donations from the public. "We are not going to seek publicity," Dr Ogilvie says, "even though our founder Sir Henry Wellcome enjoyed his high profile."

Even though his company will no longer have an independent existence, the legacy of its sale will establish Sir Henry's status as the "greatest philanthropist in history."

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## MANAGEMENT

## Weathering the storm

Laura Silber examines the survival strategy of a Belgrade hotel

Richard Stedman is the Job of the hotel world. His faith has been tested by draconian economic sanctions, hyperinflation and war in former Yugoslavia, but citing last week's 50 per cent occupancy rate he believes prospects have brightened.

As manager of the Hyatt Regency in Belgrade for nearly three years, Stedman has had to stay on his toes. "It is so uncertain, planning is very difficult," he says. The United Nations in May 1992 imposed sanctions on Serbia and Montenegro, which together comprise what remains of Yugoslavia. All international companies pulled out - except one. Hyatt was granted a sanctions dispensation by the US treasury and the UN in order to protect its share of a \$50m (£33m) investment.

"From then on," says Stedman, "the goal was to maintain a positive cash balance and uphold Hyatt's five-star standards. In other words, weather the storm."

Armed with a decade of experience in hotel management on three continents, Stedman, now 35, faced a real challenge.

Under sanctions, which included an oil embargo and a ban on international air traffic, the 308-room luxury Hyatt was cut off from the outside world. That uncertain climate gave rise to what he calls the four F's - fast, focused, flexible and fun.

"The company is already decentralised, but because of sanctions Belgrade had to function independently," recalls Stedman. "The situation on the ground was moving so fast that advice was mostly moral support," he adds.

Despite the vast drop in overnight stays, Stedman chose not to sack any of the 350 employees, leaving it to natural attrition.

They banded down the batches. The usual stock of 50,000 items was slashed by half. "We made sure we could survive using local products," says Stedman.

Another problem was the uncertain business climate. In 1993, inflation exceeded 100 per cent. "We adjusted the hotel exchange rate three times a day.

We had to move fast, money lost its value so quickly."

Hotel bills ran in the trillions. "When guests were checking out, it would take 45 minutes to count the dinars. It was nightmarish from a commercial point of view and it created immense problems for the staff," he says.

Under Yugoslav law, workers must be paid through their bank accounts. By the time the funds had cleared, their wages had been eaten up by inflation. Salaries fell from the dinar equivalent of DM200 (£27) to DM10.

In the chaotic and frantic time of hyperinflation, Stedman tried to make the Hyatt an oasis of stability for the staff as well as guests. "For many people it was the only sense and organised part of their life."

Stedman emphasised and increased the number of training programmes. Employees won recognition for good work. A school was opened for workers' children. Hyatt paid monthly transport passes.

Another of his tenets, "fun" takes the form of football, parties and even a beauty contest. While working to bolster staff morale and motivate his employees, the fabric of society was being torn apart. The crime rate soared, in particular among gangsters settling scores. Stedman claims eight out of 10 Yugoslavs own firearms.

In the Hyatt, people mostly check in their weapons before going through the metal detector. One night, 80 guns were handed over.

Stedman is looking forward to the day when sanctions will be lifted. "We are ready to go. First, we will launch our sales and marketing plan."

Since the Hyatt opened in 1990, the situation has been adverse. "The entire operation was streamlined to a minimum. There is a space for a casino downstairs which is just a shell. We will open that up."

While the Hyatt may not have flourished under sanctions, it has certainly survived. This was Stedman's goal. In a climate where discipline and diligence are seldom top priority, the staff is well-trained and tries hard.



Amar Bose: 'I've really come to believe that an apparently ordinary person can be capable of great things, given the chance'

## Mr Motivator

Victoria Griffith on the dual career of Amar Bose

As a full-time professor at the Massachusetts Institute of Technology and chairman of a leading corporation - Bose, which makes quality stereo equipment - Amar Bose is a rare management specimen.

Perhaps no other senior manager in the US has such a dual career. Bose, whose company's sound systems can be found in upmarket stereo stores and luxury cars, believes his involvement with academia helps him in the business world by enhancing his understanding of how people learn and work.

At both MIT and Bose Corporation, Bose sees his key role as that of a motivator. "I've really come to believe that an apparently ordinary person can be capable of great things, given the chance," says Bose. "That has shaped my philosophy of teaching and managing."

In the 1960s, Bose participated in a Ford Foundation experiment at MIT to see if students who faced an extraordinary challenge in the classroom learned at faster rates. According to Bose, they did. "That experiment changed my view on what people can achieve," says Bose. "If the threshold is ambitious, people tend to live up to higher standards."

As a result, Bose says, he offers employment to people other companies are often unwilling to take a chance on. "I hired an 80-year-old woman once to do word-processing

for us, and everyone said I was crazy," he explained. "She had never even touched a computer before and had to be taught. But that woman was the fastest word processor in the company for many years running."

Bose's views were reinforced, he explains, by a documentary he saw a few years ago called *Stand and Deliver*. The documentary featured a Los Angeles high school professor who successfully taught calculus to underprivileged students who previously had a poor understanding of basic arithmetic. "If you convince someone that they are capable of great things, they will rise to the occasion."

By the same token, Bose believes, mediocrity tends to perpetuate itself by lowering expectations. In the company's early days, it conducted an experiment to measure people's response to a new sound system. Bose asked participants to come into a room one at a time and adjust the stereo's knobs to achieve the best effect. The Bose listeners adjusted the stereo to an inferior sound, the one they were used to hearing on their poor home stereo system. "When that experiment was first done, everyone thought it meant that people could not appreciate good sound quality," says Bose. "But we know that's not true."

The answer, he believes, lies in educating the consumer in the same

way a professor educates a student to appreciate finer things. "If you stand by them and point out that they're blocking out the sound of the cymbals, they'll change their mind. And once they live with the superior system for a while, they'll never go back to the bad quality one."

Juggling his schedule between full-time teaching and heading a corporation is not easy, says Bose, but it offers him important advantages.

"People often say, and rightly so, that your knowledge of a subject peaks when you graduate from university and goes downhill after that," he says. "By teaching, I'm sure to always keep up with the material."

MIT also benefits from his dual career. Bose believes, "People would laugh at a football coach who had never played the game," he points out. "But in universities, you often have professors of subjects who've never had a job outside academia."

Bose believes all managers, even if they do not have a dual career in academia and the private sector, can benefit from incorporating some form of teaching role into their lives, whether it is for company training sessions or lecturing at universities.

"The adage that the best way to learn a subject is to teach it still holds true," he says. "And through teaching, you learn a lot about human nature."

Behaviour analysis has transformed an old City firm, finds Tim Dickson  
Look, listen, learn then alter

How do you turn an old-fashioned City of London partnership into a dynamic and properly managed insurance organisation?

Thomas Howell Group, part of the world's second-biggest reinsurance company Swiss Re, has recently sought to achieve this transformation in a rather unusual way. Led by chairman and chief executive John Stinch called in a firm of "professional voyeurs".

Voyeurism is how Tony Hipgrave of Huthwaite Research describes some of the work his company has been doing over the past three and a half years for THG, which is the UK's highest loss adjuster with a turnover of more than £100m.

Through techniques such as behaviour analysis - in which records are made of what happens and fed back to groups and individuals - Huthwaite set out to make the group's board meetings more effective, and to encourage directors to think ahead strategically rather than just to react.

Loss adjusters, who investigate and settle claims on behalf of other companies, enjoyed buoyant demand throughout the 1970s and 1980s as they followed their big domestic clients into international markets. But about the time THG was acquired by Swiss Re in 1988 the UK domestic market started to plateau and competition from the insurance companies intensified.

Under pressure from its new parent it became clear that the classic partnership structure with all its fiefs and often meaningless titles was no longer appropriate, not least given the need to continue expanding globally. Incorporation on its own and a thinning out of the management hierarchy, moreover, were not enough.

Michael Reeves, THG's marketing director and European chief executive designate, says the departure of a couple of "difficult" individuals and the injection of younger blood in 1992 made a perceptible difference.

But he also accepts that the behavioural approach of Hipgrave and his Huthwaite colleagues has improved the board's

performance. "Board and team skills don't normally form part of a loss adjuster's armoury," he admits.

Hipgrave says Huthwaite's contribution was in part to help the directors "unlearn" old habits. "The early meetings were overlong, poorly structured and airtime was shared very unequally. There were tricks and 'games' going on. In fact, the meetings were scarcely worthwhile."

The "airtime" problem was dealt with by behavioural analysis - literally timing the length of each contribution and examining whether individual styles of persuasion were of the "push" (advancing arguments) or "pull" (asking questions) variety. This helped shorten and better structure the meetings.

The "games" were tackled through a series of intimate interviews with each board member

**'Board and team skills don't normally form part of a loss adjuster's armoury'**

using a variety of psychological tools, followed by detailed and at times painful individual feedback and a board meeting where participants were forced to face up squarely to who needed to change and how.

"This has resulted in a more honest recognition of how decisions are really made and contributed to the new structure which the group will have in place in April," says Paul Clayton, CEO designate.

Hipgrave says it is one thing for a consultant to be called into an organisation to sort out its internal structure and processes, and to re-think its strategy. It is "very rare" to be also asked to observe meetings at board level in the way it has happened at THG.

"Boards are rarely honest enough to say we are not behaving properly with each other. That is something that they are usually only happy to see going on further down the organisation," he says.

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7 Manufacturing/Engineering

99 Other (Please state)

Age

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2 25-34

3 35-44

4 45-54

5 55-64

6 65+

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## ARTS

## Sad music from the Russian soul

Relentless orchestral touring is taking its toll. Andrew Clark talks to conductor Mikhail Pletnev

His eyes look heavy and his expression is world-weary. Mikhail Pletnev is tired of travelling, tired of journalists. And the tiredness seems to have crept into his performances with the Russian National Orchestra, which he founded in 1990 after the collapse of communism.

"I could reduce my workload", he said in New York during the orchestra's latest US tour, "but it's a question of money. These musicians have to live, they have to work. If I'm there, I can provide the work. If I'm not, there is no work."

Like any other private enterprise, the Russian National Orchestra must generate its own income to stay alive. There are no state hand-outs. So the musicians accept their gruelling tour schedule with little complaint. The performance is never less than tonally sophisticated and superbly balanced - but it is all rather cold and perfect, lacking true Russian soulfulness.

Perhaps this is a reflection of Pletnev's cool platform manner - or perhaps the pressures of touring have induced a certain amount of auto-pilot. After five years in command of an elite Russian ensemble, Pletnev seems disillusioned. "Whether it's Shostakovich's Tenth Symphony or Tcha-

kovsky's Sixth, the musicians are happy to play. They like to work hard. But it's not my kind of job - I can't reproduce myself day after day like this. It contradicts my idea of music-making. I like to prepare a programme and perform it once or twice, then I need to think it over.

"As long as I'm interested, I can do it well. But when I'm completely disgusted I can't pretend otherwise. There are many who could conduct Beethoven's Fifth Symphony three times a day if they were offered a good fee. We're talking about great music, serious music, which needs time and thought. When I have something to say, I go out and say it. But that's not what I'm doing now. I don't belong to myself any more."

Pletnev the serious musician and Pletnev the entrepreneur are clearly ill-at-ease with each other. He has a reputation for being an introvert; a member of his orchestra says, "If you start talking to him, sometimes you get the feeling you're disturbing him. It's as if music is constantly playing inside his soul."

A different, more relaxed side to Pletnev's temperament should be visible this weekend when he visits London's South Bank Centre for two concerts with his other regular orchestral partner, the Bremen-based Deutsche Kammerphilharmonie. He will play

piano concertos by Mozart and Haydn, and conduct symphonies by Mozart and Mendelssohn - a far cry from the Russian showpieces he takes on tour with his own orchestra.

His keyboard seems to be Pletnev's natural home. He won the Tchaikovsky Piano Competition in Moscow in 1978, aged 21, and his playing continues to win praise. But his solo career has been increasingly overshadowed by his work with the Russian National Orchestra, whose early tours and recordings made a big impact at home and abroad.

His aim was simple: "I wanted to achieve a large symphonic ensemble of 100 musicians that would maintain the intimate, precise attitude towards music-making that you find in the best chamber music ensembles. I also told my musicians we would make their lives easier and better by giving them more money than the state orchestras."

To give substance to his vision, Pletnev teamed up with a fledgling arts management company in Moscow, secured sponsorship from a newly-formed private Russian bank, and put up \$200,000 of his own. He then sought influential friends in the west. Deutsche Grammophon

responded with a recording contract. Columbia Artists Management, the US agency, began organising tours and publicity. The orchestra set up its own Californian-based arts foundation to attract hard currency. More than 90 per cent of its income comes from outside Russia.

Pletnev's initiative aroused jealousy in Moscow, not just because he attracted the best players, but because at the time he was not widely known as a conductor. Older colleagues dismissed him as an upstart, and said he was using his orchestra merely to develop his career. But Pletnev gives as good as he gets. "These conductors spend all their time in the west and neglect their own orchestras. We don't need them."

Tour income helps to subsidise the orchestra's concerts in Moscow, which lose money even though they are always sold out. Pletnev tries to vary the repertoire: if he conducts Tchaikovsky, it may be the little-known First Suite rather than one of the symphonies. Abroad, he leans the obligatory diet of Russian music with Grieg, Bizet, Ravel and Brahms. The orchestra rarely tours with a soloist, but Pletnev sometimes directs from the keyboard.

He says he has not worked consciously on the orchestra's sound. "It's like *bella voce* - you can't take

the voice of Tchaikovsky and make it Calais. I take the resources I have. The principles of phrasing are more important than beauty of sound. In some cases the music should sound beautiful, in others it should be ugly. You can't play Mozart and Shostakovich with the same sound. I concentrate on the meaning and musical sense, and the sound develops out of that."

He paints a bleak picture of working conditions in Moscow. His orchestra has an office but cannot get a telephone line. It rehearses in a rented recreation hall, and has floated plans for a permanent home, to be financed by western investors as part of a commercial development. "But no-one will take responsibility for any decision. The bureaucrats say yes - they know it would look bad if they turned us down, but their only concern is to fix their own privileges. They think we won't be there tomorrow, so why should they do something that requires work?"

The neglect extends to the Moscow Conservatoire, where many of the great Russian musicians trained. "If I had the choice, I would close it tomorrow. There is no teaching staff, no atmosphere, no prestige, nothing. The professors earn less than a factory worker. Everything to do with art is being neglected."



Pletnev the serious musician and Pletnev the entrepreneur are ill-at-ease with each other



Peter Coleman-Wright: a strong baritone with presence in the title role

Opera/Richard Fairman

## Musical tug-of-war in 'Don Giovanni'

If Leporello ever gets bored compiling the list of his master's amorous conquests, he might consider broadening his scope. As the arts struggle out of recession, there must be a market for a catalogue of ideas on how an opera company can seduce a new audience and revive its flaccid bank balance.

The problem for ENO is how to afford extra new productions at the time when money is at its lowest ebb. As a seasoned traveller, Leporello might recommend that productions borrow from elsewhere to save on costs; he might propose skimping on intellectual forethought, using cheap sets, cutting back rehearsal time or increasing the number of performances. If really desperate, the company could try the lot.

That is what English National Opera has done with its new *Don Giovanni*. The show has been borrowed from Flanders, is minimally thought-through, scrappily designed, woefully under-re-

hearsed and goes on for 18 more performances. At least the singers and conductor should get to know each other with practice. At the moment the performance proceeds like a musical tug-of-war, which conductor Markus Stenz is continually in danger of losing, as he slips and slides rapidly through the score.

The production need not detain us long. Guy Joosten from the Flanders Opera sets out with an idea about linking *Don Giovanni* with Caravaggio, but never lets on why. It would be easy to dismiss the unrelated ideas that follow as the usual second-hand producer's whims, but Joosten does have one saving grace, which is a sense of humour.

Mozart called *Don Giovanni* a "dramma giocoso" and, if nothing else, this is a production where the jocular gets equal billing. It helps that the translation is a sharp one, which never misses a good line, and there is an amusingly quirky Leporello to make

sure they all get a laugh. Urban Malmberg plays the master's lackey as a young fellow, the sort of snivelling and servile creature that could have crept out of the pages of a Dickens novel - a real one-off, always entertaining.

Peter Coleman-Wright sang *Don Giovanni* the last time round and his youth, his strong baritone and presence still add up to an all-round recommendation. Penelope Wainwright-Clark as Donna Anna is casting of the stature that Mozart operas demand in a theatre the size of the Lodon Coliseum. After surdulent sounds early on, often individual notes stitched together rather than real vocal lines, she rose to an eloquent account of "Non mi dir".

"The rest of the cast put up less of a fight. Nerys Jones brings complex mezzo colours, some beautiful, some uneven. To the music of Zerlina and is partnered by a decent Masetto in Ashley Thorburn. Both Donna Elvira and Don Ottavio lose one aria in the Prague

version that ENO is using, which matters more in the case of Janice Watson's promisingly-sung Elvira than it does with John Hudson's Ottavio (a shame that he had to find out he is not a Mozartian tenor in front of so many people). John Connell was the Commendatore. In the final scene he makes an unimpressive appearance in a cloud of dry ice.

Don Giovanni, who has earlier urinated on the Commendatore's grave and eaten a meal off his coffin, endeavours to welcome him to dinner, but is cut off by a giant Caravaggio hand, which descends from the ceiling. We are back where we started. If only Leporello's catalogue had been consulted. There are probably 1000 productions of *Don Giovanni* round Europe as worth having as this one.

Sponsored by Guinness plc; 18 further performances, ending May 25 (with changes of cast).

Theatre/Ian Shuttleworth  
Independent State

A number of big names have coincidentally been attracted to venues in Battersea during the past year: Vanessa and Colin Redgrave attempted to make a going concern of the underused Bridge Lane space, Susan Hampshire appeared at BAC in January, and now Susannah York treads the decidedly intimate boards of the Grace Theatre, above The Latchmere pub, in a fizzily-written one-woman piece.

Mark Davies Markham's play follows Patti O'Brien, a London-Irish country music singer, once widowed of her cheating man, goes to Nashville to seek her destiny, and darkly finds it.

Liverpudlian Markham has that Gaelic-once-removed facility with linguistic tricks and flourishes, and imbues his protagonist with the same ease. Patti's narrative jumps backward and forward between the recent past in Nashville, the excitement of courting as a teenager on the music club circuit of 1960s London and the terrors of her subsequent mar-

riage. She recounts conversations on three levels at once - the words actually spoken, her imagined (but never uttered) acerbic witicisms and her more ephemeral dream scenario - without bewildering her audience. Periodically she delivers a verse or two of a C&W standard.

The script's looping structure, although adroitly executed must be a devil to learn, and no doubt contributed to York's occasional uneasiness on the press night. Also, York is not the most consummate singer. Once she does not have to be - she expertly conveys the embarrassment of Patti, rigid with fear on a Nashville stage, spewing out a number with clockwork jerks and painted smile - but the supposedly impressive songs fall sadly short.

Almost all these musical shortcomings, however, can be forgiven for one marvellous moment at which York, astride a chair backwards in her black spangly country mutton dressed as lamb tunic, enacts Patti predatorily bedding a

younger man to the relentless upbeat thud of Delta Dawn - the devil may not house all the best tunes, but he knows best what to do with them.

Throughout the show as a whole, York rides the audience like the pro she is: appealing directly to them in the bewildering opening minutes, thereafter addressing them as sympathetic confessors and friends. She gets on with the daunting business of driving a 100-minute solo show that would reduce lesser performers to the glass-eyed puppets she occasionally parodies. *Independent State* is not the kind of play that could, or is even intended to, transfer to a more sizeable house. It is a fine studio piece, is done justice by York's determined performance, and should go a long way towards re-establishing the Grace Theatre, after several years adrift, as a venue with a recognisable and coherent artistic policy.

At the Grace Theatre, London SW11, until April 2 (0171 2262620).

## Burning Blue

under the skin of a situation. Greer's structure, too, is televisual rather than theatrical. His constant intercutting of flashback scenes cued by remarks made during investigations leads to frequent awkwardness. Antony Edridge in particular, as protagonist Dano Lynch, finds he has to turn on a sixpence between scenes of oppressive interrogation and *Top Gun* jockery. Director John T. Hickok does his best to pull these transitions off, but it is a grinding uphill struggle.

Edridge does a fine job in the central role, cultivating a quasi-Martin Sheen thousand-yard stare as events unfold around him. David Pullan as Special

Agent Cokely, though, degenerates too far, too fast into a cardboard cut-out of an Aunt Sally, whose bigotry is equally clumsily countered by a handful of speeches which might as well have a neon "Author's Message" sign.

The play's pivotal relationship is that of Dano's - not with the fellow pilot whom he desires, but with his best friend Will. In the latter role Ian Flanagan is consistently over-the-top. Dano and Will's ultimate reconciliation had no more emotional effect upon this reviewer than to produce several stifled giggles. The subject of sexual persecution in the forces deserves better than Greer's moral monochromatics. Too much caring, not enough crafting.

At the King's Head, London N1 until April 18 (0171 226 1916)

INTERNATIONAL  
ARTS  
GUIDE

## BERLIN

**OPERA/BALLET**  
Deutsche Oper Tel: (030) 4384-01  
● Lucia di Lammermoor: by Donizetti. Conducted by Marcello Viotti and produced by Filippo Sanjust; 7.30pm; Mar 22  
● Ring um den Ring: by Wagner. Ballet based on "The Ring Cycle", choreographed by Maurice Béjart; 7pm; Mar 18, 21  
● The Girl of the Golden West: by Puccini. A new production conducted by Paolo Olmi and produced by Frank Corsaro. Soloists include Galina Kadrina and George Fortune; 7pm; Mar 19, 23

## FRANKFURT

**CONCERTS**  
Alte Oper Tel: (069) 1340 400  
● Chamber Orchestra of Europe: with pianist Gerhard Oppitz. Ivan Fischer conducts Stravinsky and Beethoven; 8pm; Mar 21  
● Frankfurt Opera House and Museum Orchestra: Jia Li conducts Hindemith and Beethoven; 8pm; Mar 19 (11pm), 20

● Radio Symphony Orchestra Frankfurt: with pianist Tzimon Barto. Dimitri Kitajenko conducts Ravel, Gershwin and Mussorgsky; 8pm; Mar 17  
● South Western Radio Orchestra: with mezzo-soprano Vessellina Kasarova and tenor Zoran Todorovich. Peter Falk conducts a variety of operatic pieces; 8pm; Mar 22

## LONDON

**CONCERTS**  
Barbican Tel: (0171) 638 8891  
● Mahler Festival: this concert opens the second part of Michael Tilson Thomas' Mahler Festival, the highlight of his final season as the principal conductor of the LSO. This performance includes the UK premiere of Schnittke's 'Concerto Grosso No. 5'; 7.30pm; Mar 22  
● The Magic of Mackerras: Sir Charles Mackerras conducts the Royal Philharmonic Orchestra and cellist Steven Isserlis to play Dvořák; 7.30pm; Mar 17  
● The Magic of Mackerras: Sir Charles Mackerras conducts the Royal Philharmonic Orchestra and violinist Tasmin Little to play Dvořák, Janáček and Martinu; 7.30pm; Mar 17  
Festival Hall Tel: (0171) 928 8800  
● City of Birmingham Symphony Orchestra: Sir Simon Rattle conducts Britten, Schoenberg and Shostakovich; 7.30pm; Mar 23  
● Cologne Radio Symphony Orchestra: with pianist Lars Vogt. Hans Vonk conducts Beethoven and Bruckner; 7.30pm; Mar 20  
● Royal Philharmonic Orchestra: with pianist Yefim Bronfman and conductor Vladimir Ashkenazy plays

Bartók and Shostakovich; 7.30pm; Mar 21  
● The Bach Choir: with the City of London Sinfonia and conductor Sir David Willcocks plays Kodály, Szymanowski and Janáček; 7.30pm; Mar 18  
Queen Elizabeth Hall Tel: (0171) 928 8800  
● Deutsche Kammerphilharmonie: Mikhail Pletnev conducts Haydn and Mozart; 7.45pm; Mar 18, 19  
● London Sinfonietta: Sir Simon Rattle conducts Boulez's "Les Mamelles de Tirésias" and Boulez's "La Soie des Éaux". Soloists include Lucy Shelton, Barbara Bonney and Philip Langridge; 7.45pm; Mar 17

## GALLERIES

Victoria and Albert Tel: (0171) 938 8500  
● Warworks: women photography and the art of war. A perspective of war through the eyes of international women artists; to Mar 19  
**OPERA/BALLET**  
English National Opera Tel: (0171) 832 8300  
● Don Giovanni: a new production of Mozart's opera. In house debuts for director Guy Joosten and conductor Markus Stenz; 7pm; Mar 17, 23  
● Madama Butterfly: Puccini's opera, originally directed by Graham Vick; 7.30pm; Mar 18, 22  
Royal Opera House Tel: (0171) 304 4000  
● Giselle: music by Adolphe Adam. A Royal Ballet production choreographed by Marius Petipa after Jean Coralli and Jules Perrot and produced by Peter Wright; 7.30pm; Mar 17, 21  
● Salome: by Strauss. A new production directed by Luc Bondy

and conducted by Christoph von Dohnányi; 8pm; Mar 18  
**THEATRE**  
National, Olivier Tel: (0171) 928 2252  
● Women of Troy: by Euripides, translated by Kenneth McLeish and directed by Annie Castledine; 7.15pm; Mar 17, 18, 20  
Vaudeville Tel: (0171) 838 9987  
● Killer Joe: by Tracy Letts, directed by Wilson Milani; 8pm; (Not Sun)

## NEW YORK

**CONCERTS**  
Alice Tully Hall Tel: (212) 875 5050  
● Stuttgart Chamber Orchestra: Dennis Russell Davies conducts Diamond, Shostakovich/Barshai and Glass; 2pm; Mar 19  
Avery Fisher Tel: (212) 875 5030  
● New York Philharmonic: with soprano Gillian Webster. Sir Colin Davis conducts Mozart and Mahler; 8pm; Mar 17 (2pm), 18, 21 (7.30pm)  
● New York Philharmonic: Sir Colin Davis conducts an all-Sibelius programme; 8pm; Mar 23  
Carnegie Hall Tel: (212) 247 7800  
● Kin Te Kanawa: and pianist James Levine perform their only New York recital of the season; 3pm; Mar 19  
**OPERA/BALLET**  
Metropolitan Tel: (212) 362 6000  
● Idomeneo: by Mozart. Produced by Jean Pierre Ponnelle, conducted by James Levine; 8pm; Mar 18  
● La Bohème: by Puccini. Produced by Franco Zeffirelli, conducted by John Fiore; 8pm; Mar 18 (1.30pm)  
● La Traviata: by Verdi. Produced by Franco Zeffirelli, conducted by John Fiore; 8pm; Mar 17, 20

● Pelléas et Mélisande: by Debussy. A new production by Jonathan Miller. Conducted by James Levine; 8pm; Mar 23  
● Tosca: by Puccini; 8pm; Mar 22  
**THEATRE**  
Roundabout Theatre Company Tel: (212) 869 8400  
● The School for Husbands/ The Imaginary Cuckold: by Molière. Michael Langham directs Richard Wilbur's translation and stars Brian Bedford; 8pm; to Mar 17 (Not Mon)

## PARIS

**CONCERTS**  
Champs Élysées Tel: (1) 49 52 50 50  
● National Orchestra of France: with baritone Boris Martinovic and pianist Michel Béroff. Victor Puhf conducts Mozart, Mussorgsky and Prokofiev; 8.30pm; Mar 23  
● Samuel Ramey: bass and pianist Warren Jones open the Sony Classical Series; 8.30pm; Mar 18  
● The Royal Chapel Vocal College of Ghent: with soprano Sibylla Rubens and tenor Christoph Prégardien. Philippe Herreweghe conducts Bach; 8.30pm; Mar 19  
Opéra National de Paris, Bastille Tel: (1) 47 42 57 50  
● Chamber Music: with violinists Frédéric Laroque, alto Jean-Claude Dewaele and countertenor Thierry Barbé from the Orchestra of the National Opera. The programme includes Bach, Telemann and Mozart; 8pm; Mar 21  
**GALLERIES**  
Musée d'Art Moderne, Ville de Paris Tel: (1) 47 23 61 27  
● André Derain: 350 works spanning his entire career; to Mar 19 (Not Mon)

Musée Du Petit Palais Tel: (1) 42 65 12 73  
● Carthage: history, its impact and resonance; to Jul 2  
**OPERA/BALLET**  
Opéra National de Paris, Bastille Tel: (1) 47 42 57 50  
● Magnificat: music by Bach, choreography by John Neumeier. Gunther/Rainer Mühlichbach directs this production presented by the Ballet of the National Opera of Paris; 7.30pm; Mar 17, 18  
● The Masked Ball: by Verdi. Conducted by Antonello Allemandi and produced by Nicolas Joël. Soloists include Gagan Grigorian and Gaetan Laperrière; 7.30pm; Mar 20, 23

## WASHINGTON

**CONCERTS**  
Kennedy Center Tel: (202) 467 4800  
● National Symphony Orchestra: with violinist Robert McDuffie and organist William Nair. James Paul conducts Berlioz, Bernstein and Saint-Saëns; 8.30pm; Mar 23  
● Stuttgart Chamber Orchestra: Dennis Russell Davies conducts Mozart, Schnittke, Britten and Boccherini; 7.30pm; Mar 20  
**GALLERIES**  
National Gallery Tel: (202) 737 4215  
● Italian Renaissance Architecture: Brunelleschi, Sangallo, Michelangelo, the cathedrals of Florence, Pavia and St. Peter's; to Mar 19  
**OPERA/BALLET**  
Washington Opera Tel: (202) 416 7800  
● Tiefland: by Eugen d'Albert. Roman Tereckiy directs a new production by designer Zack Brown; 8pm; Mar 18 (7pm), 23

## WORLD SERVICE

BBC for Europe can be received in western Europe on Medium Wave 648 kHz (463m)

## EUROPEAN CABLE AND SATELLITE BUSINESS TV

(Central European Time)  
NBC/Supers Channel:  
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FT Business Morning

10.00  
European Money Wheel

Nonstop live coverage until 14.00 of European business and the financial markets

17.30  
Financial Times Business Tonight

Midnight  
Financial Times Business Tonight







## FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL  
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Friday March 17 1995

## A small step for Italy

Mr Lamberto Dini's narrow victory yesterday in two crucial votes in the Italian Chamber of Deputies ensures that his government lives to fight another day. The prime minister's belated success shows, once again, the financial markets' powers of persuasion. But the dallying of recent months has imposed a heavy price.

When Mr Dini took office in January, his £20,000bn (£75bn) budget package was the minimum required to keep the public finances on a sustainable course in 1995. If the mini-budget passes a second Senate vote next week, a debt crisis is far less likely. Yet the odds have only improved a little. It was clear from October of last year that the budget was destined to overshoot. One government, led by Mr Silvio Berlusconi, did nothing. Another, lacking a clear parliamentary base, has achieved a meagre reform, but only by risking everything in a vote of confidence.

This behaviour has fuelled a collapse in investors' confidence which may prove difficult to reverse. In the short term, the budgetary effects of the tumbling lira and rising interest rates more than cancel out Mr Dini's efforts. Higher interest rates mean that the cost of servicing Italy's government debt will rise by at least £60,000bn, or 40 per cent in 1995. Even without a further rise in interest rates, the costs of the past few months would see the 1995 budget deficit rising to nearly 10% per cent of GDP from last year's 9.9 per cent.

## Justified action

The business community grumbled when the Bank of Italy raised interest rates by 74 of a percentage point last month, to 8.25 per cent. But February's sharp rise in consumer price inflation, from 3.5 per cent to 4.3 per cent, indicated that the action was entirely justified. Unfortunately, interest rates will probably rise still further in the next few months.

Trade union wage restraint has helped keep the lid on inflation during the recovery so far. But over the past six months, input price increases have been feeding through to retailers. The relatively benign inflationary consequences of the lira's much larger devaluation in 1992 are also less likely to

be repeated now that the economy is close to the peak of the economic cycle. Against this background, the nearly 10 per cent fall in the trade-weighted, exchange-rate index over the past month will almost certainly force the central bank to tighten monetary policy further. A further 1 percentage point rise in interest rates would push the budget deficit up to about 11% per cent in 1995, with public debt rising to 124 per cent of GDP.

## Structural reform

Even investors most disillusioned by the recent performance of the Italian body politic are unlikely to wait for a comprehensive solution to the country's budgetary woes, before returning to the market. But they will want evidence of a political consensus in favour of structural reform.

Early action on pension reform, which Mr Dini has promised, would be a positive signal. But Mr Dini's narrow success yesterday shows the difficulties he will face in achieving this, the most politically sensitive item in the budget. As before, the prime minister's scope for action will be constrained by the ever-present threat of a general election. Mr Berlusconi failed to force an early election yesterday, but he is unlikely to give up.

A June election would impose a damaging delay in agreeing the 1996 budget, since it is likely to be at least two months before a new government would be able to draw up its plans. But even if Mr Dini survives until the autumn, he is unlikely to hold on to power much after that. That would inevitably put a question mark over the 1996 budget. A majority of Italian parliamentarians, some of them crossing party lines, showed yesterday that they did not wish to confirm investors' current low estimations of their willingness to take action.

But the uncertainty surrounding the future of the Dini government and the likely behaviour of any future government mean that the occasional, forced step back from the brink may no longer be enough. The fall in the lira and Italian bond market decline are the costs of that uncertainty. For all the relief of yesterday's victory, Italy has not shown that it is able to do what is needed to lower those costs.

## Europe looks to Japan

Relations between Europe and Japan have long been the weakest of the links between the world's three main economic powers, lacking both the depth and breadth of the relationship which each has with the US. For much of the past 20 years, dialogue between Europe and Japan has been intermittent, confined to a narrow range of trade and economic issues, and often conducted more in a spirit of confrontation than of co-operation.

The European Commission's efforts to lay the basis for a more mature and constructive relationship with Japan, set out in a recent policy statement, are therefore to be welcomed. To a large extent, the document is a formal recognition that many of the assumptions which have long shaped European attitudes are already being overtaken by events.

As the statement notes, some important sources of past friction are diminishing. On the European side, hostility towards Japanese inward investment has largely evaporated, while the bilateral trade deficit, though substantial, is shrinking steadily as the strong yen boosts Japan's imports and cuts its exports. On the Japanese side, recent political and economic changes have led to more vocal consumer, structural upheavals in industry and increased emphasis on deregulation.

## Low-key approach

While these developments offer opportunities for a more fruitful dialogue, it is less clear what it should consist of. At the economic level, the Commission makes much of its low-key recent approach to bilateral trade disputes, which it contrasts with US bullying tactics and threats of unilateral trade sanctions. But this may simply reflect the fact that the EU carries smaller sticks than the US. It is not obvious that, by talking quietly, Europe's trade negotiators have achieved superior results. Furthermore, Brussels has raised doubts about the sincerity of its commitment to a kinder, gentler relationship by warning Japan that it would jeopardise that objective if it spurned EU demands to speed up domestic deregulation.

The EU's policies, and its criti-

cisms of American tactics, would carry more conviction if it placed its own relations with Japan more firmly in a multilateral framework. Both sides have a strong interest in an open world trade system and could do much to promote it by working more closely to ensure the success of the World Trade Organisation. Such co-operation could also reduce bilateral conflicts provide an additional incentive for both to pursue liberal trade policies.

## Political dialogue

How far the two can enlarge their political dialogue, as the Commission proposes, is much more debatable. The EU's external writ is mostly restricted to trade issues, and Europe lacks the institutional framework which would be needed to sustain a much broader relationship. Furthermore, Europe's political and economic profile in Japan and the rest of Asia is extremely modest, and its stake in regional security non-existent.

Meanwhile, the same reasons why Japan enjoys much stronger bonds with the US limit its capacity to expand rapidly its relations with Europe - or indeed other countries. In effect, Tokyo has for the past 50 years contracted stewardship of its foreign policy to Washington, in return for US guarantees to underwrite its national security and that of the Asian region. Japan remains deeply reluctant to change this arrangement, still less to assume the responsibilities of a geo-political role commensurate with its economic power.

Admittedly, Japan has recently shown signs of more independent thinking, notably in its relations with the rest of Asia. It is also seeking a permanent seat on the UN Security Council. But such ambitions are being pursued cautiously, and Japan remains wary of any action which risks incurring American displeasure.

As a consequence, the scope for broadening Japan's political relationship with Europe seems limited, and any progress is likely to be made in small steps. That may eventually yield some worthwhile results. Meanwhile, the priority should be for them both to seek constructive initiatives in the sphere of trade.

Many a Russian ruler since the Middle Ages has resorted to the same, disturbing technique to remind his subjects how indispensable he is: slipping briefly and mysteriously out of sight only to come storming back, with greater self-confidence than ever, when the moment is right.

After a winter of uncertainty about who was in control of the Kremlin, Boris Nikolayevich Yeltsin is making one of his storming returns. He is reaffirming Russia's commitment to economic reform; its desire to mend fences with the US; and above all, his own central role in both those enterprises.

That was the message the Russian president drove home yesterday to foreign journalists. They were brought to Russia with a speed and efficiency that made them feel someone in the Kremlin wanted to speak to them very badly.

The man who greeted his guests was animated, alert, full of the rough charm which has captivated Russian voters and disarmed foreign statesmen. Like many of the Russian leaders who have imposed their will, he is by turns severe and indulgent, frightening and full of whimsical generosity.

Twice he selected a look of fury from his vast repertoire of facial expressions. One of those moments came when Mr Yeltsin was asked whether it was true - as distinguished Russian newspapers such as *Izvestia* have reported - that members of the presidential guard were interfering in the economy.

"All of the important decisions are taken by the president," Mr Yeltsin insisted. This was an affirmation that, in spite of the increasingly Byzantine nature of Kremlin policy-making, he remains the ultimate source of authority.

Within Russia, that presidential authority has recently been cast into some doubt by the growing influence of Mr Yeltsin's personal guard; its leader, General Alexander Korzhakov, has been compared by some Russian observers with Rasputin, the shadowy monk who held Russia's last tsar in his thrall.

But Mr Yeltsin angrily insisted that "the guard protects him [the president] from terrorists, it does not interfere in the economy". The economy, he said, "is none of its [the presidential guard's] business". Mr Yeltsin, who has sometimes appeared to be at one remove from Russia's economic affairs, declared: "There are no questions of reform which are outside the purview of the president."

Over the past few months, as the Russian government has pushed its 1995 budget through parliament and negotiated a deal with the International Monetary Fund, Mr Yeltsin

Russian president Boris Yeltsin is reasserting his authority, say Bruce Clark and Chrystia Freeland

## Still master of the Kremlin



President Boris Yeltsin: storming back with plenty of self-confidence

has often seemed a distant third behind Mr Victor Chernomyrdin, the prime minister, and Mr Anatoly Chubais, the reformist deputy prime minister, in the making of economic policy. But yesterday Mr Yeltsin painted a very different picture of Russia's decision-making process.

"Every Tuesday, Chernomyrdin and I meet at my office and we define the fundamental questions of reform," Mr Yeltsin said. "Nobody, neither the prime minister, nor deputy prime ministers nor anyone in the presidential apparatus

can change those decisions."

And the substance of those presidentially driven decisions, Mr Yeltsin said, is a determination to implement tough economic reforms. "I decided to pursue a stricter financial policy this year, and we will pursue it," Mr Yeltsin said, pointing to his decision to veto a law which would have more than doubled the minimum wage and broken the budget as evidence of his commitment to fiscal and monetary austerity.

In comments which recalled the early days of his presidency, when Mr Yeltsin was the clear leader of

Russia's first effort to build a market economy, he said that "the main thing we have achieved is that people who for 75 years did not know what private property is and lived under a totalitarian regime have begun to understand what the market is".

Mr Yeltsin conceded that the reform efforts have not yet met with total success or full public support. "Of course, the mood of the people varies," he said. "Whoever has a good income has a good mood and whoever has less income is in a bad mood." But Mr Yeltsin appeared confident that market forces would prevail. "People now have a very strong stake in making production efficient so that their incomes will rise," he said.

And thanks to this new link between personal incomes and economic efficiency, Mr Yeltsin said that this year "we are certain of getting past the peak of the crisis". He promised that inflation, running at 11 per cent in February, would be down to 1 per cent or 2 per cent a month by the end of the year.

Apart from rumours about the interference in the economy by his guards, the other subject which prompts a look of fury from Mr Yeltsin is Mr Dzhokhar Dudayev, leader of the self-proclaimed Chechen republic. Asked if he could ever contemplate meeting Mr Dudayev, he said: "I have no intention of meeting Dudayev because he is a bandit who ought to be tried for having annihilated so many of his own people... He has assembled the criminal world around him and gathered money all over the world to organise a rebellion in Russia, so he must at a minimum be put on trial."

But furious wrath - the wrath that has claimed thousands of civilian lives, and left much of the Chechen city of Grozny in ruins - is only one of the faces that Moscow is showing as it struggles to assert its authority in the north Caucasus mountains.

Russian officials say considerable effort is being devoted to winning Chechen hearts and minds and setting up local government structures loyal to Moscow.

"Negotiations are intensifying with the [Chechen] elders, with

town and district representatives. A Chechen government has been organised and a timetable has been set for elections," Mr Yeltsin said. He added: "We understand that until elections are held in a democratic way, we will not convince the world that the situation in Chechnya is democratic and that human rights are not being violated."

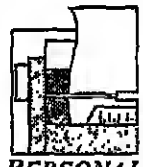
Whether he is dealing with friends or enemies, Mr Yeltsin gives the impression of being someone who takes things very personally. While praising Mr Bill Clinton, US president, for his "understanding" attitude to the Chechen war, he singled out Mr Helmut Kohl, German chancellor, as the foreign statesman with whom he had the closest ties. "Of all the world leaders, my most frequent telephone conversations are with Helmut Kohl. Hardly a week passes without us having a conversation," he says. "We are friends."

He also singles out Hungary as the country in central Europe with which Russia has particularly good relations, although the terms of his compliment may cause some embarrassment in Budapest. He said he recently told Mr Gyula Horn, Hungary's prime minister, that "things are calm between you and ourselves." This was because in central Europe "some people are orienting themselves towards the west and some people are orienting themselves towards Russia" and Hungary was viewed in Moscow as having made the latter choice. "Hungary is orienting itself more to Russia because its entire economy is built on Russian technology," Mr Yeltsin said.

The president confirmed that an exchange of letters on the subject of European security between himself and Mr Clinton was being examined. But the content of those letters - and the terms on which Russia might be reconciled to the idea of Nato enlargement - remain a mystery. By stressing that he was against the "sudden, large-scale" expansion of the Atlantic alliance, Mr Yeltsin left tantalisingly open the possibility that some other formula for Nato enlargement might be acceptable.

Western officials believe that Russia might be soothed by assurances that newcomers to Nato will not play host in peacetime to nuclear weapons or foreign troops. The conditions are viewed in the west as unacceptable as they stand, but a reasonable basis for negotiations. But Mr Yeltsin is too skilled to put all his cards on the table at once. Even as he clarifies his position on the economy, and his role as master of the Kremlin, the president is determined to keep the world guessing about some of his intentions.

## Why it's time to net the culprits



PERSONAL VIEW

The full extent of illegal fishing practices perpetrated by Spanish and Portuguese vessels in the north-west Atlantic is not widely appreciated. Out of 44 Spanish vessels active on the Grand Banks off Newfoundland in eastern Canada, 36 have been issued with citations over the past four years. Their offences included misreporting catches, using illegal nets and net linings and retaining under-age fish.

One of the most destructive of these practices is the taking of juvenile fish before they reach sexual maturity and can help to ensure healthy stock levels are maintained.

The information we have from our inspection of the Estai - the Spanish vessel boarded and seized by Canadian authorities on March 9 - confirms our concerns regarding the conservation of turbot stocks.

It also exposes as never before the existence of damaging, anti-conservation fishing practices.

The vast majority of the product

on board the Estai was processed from immature turbot and could not have been taken by legal gear. The recovered nets that were cut from the Estai bear this out.

The North-west Atlantic Fisheries Organisation, which has regulated the harvesting of certain groundfish stocks outside Canada's 200-mile limit since 1979, requires a mesh size of 130mm for nets employed in this fishery.

This allows juvenile fish an opportunity to escape, thus ensuring the conservation of the stock. The Estai's nets were only 115mm and also contained a lining with a mesh size of only 80mm.

Turbot reach maturity between 60cm and 70cm in length (24in to 28in). About 79 per cent of the fish aboard the Estai were less than 38cm long, and 22 per cent were between 23cm and 28cm. The only way to account for this type of catch - virtually entirely juvenile fish - is the use of illegal gear.

The origins of the current dispute date back to the late 1980s, when the Spanish factory trawler fleet began fishing outside Canada's 200-mile limit and the European Union

began using an objection procedure in the NAFO rules to exceed NAFO quotas.

In this period, EU vessels fished more than seven times the amount of cod, redfish and flounder allocated to them by NAFO.

This contributed to the imposition of moratoriums on fishing for flatfish and cod on the so-called Nose and Tail of the Grand Banks.

## The vast majority of the product on board the Estai could not have been taken by legal gear

With these other groundfish stocks exhausted, the EU fleet turned to turbot, which had previously been harvested mainly by Canadians. The EU's turbot catch rose from 4,000 tonnes in 1989 to more than 60,000 tonnes in 1992-93. Spanish vessels accounted for most of this.

Last year, Canadian scientists and the NAFO's scientific council

highlighted problems with the turbot stock. In response, Canada drastically reduced its catch. In September 1994, NAFO for the first time set a Total Allowable Catch for turbot. That catch was 27,000 tonnes in 1995 - less than half the 1994 level of about 60,000 tonnes.

In February, NAFO allocated 16,000 tonnes - or 60 per cent of the catch allowable in 1995 - to Canada. This was based on Canada's traditional share of the stock. It allocated 3,400 tonnes to the EU.

But the EU has used the NAFO objection procedure to set for itself a quota of 18,630 tonnes, or 69 per cent of the catch allowable in 1995. Unfortunately, this is not the first time such unilateral measures have been taken by the EU to maintain its Spanish fleet of factory-freezer trawlers in a profitable exile away from European waters.

Faced with a destructive assault on the resources of the Grand Banks, Canada legislated in June 1994 to give the government authority to make regulations for the conservation on the high seas of stocks that straddle the Canadian 200-mile fishing limit.

Our groundfish fleets have been tied up, with more than 40,000 fishermen and plant workers idled, and Canada has already committed itself to a 60-day moratorium both inside and outside the 200-mile limit. Meanwhile, Spanish fleets continue to fish the Grand Banks.

Our message seems to have struck a sympathetic chord in other fishing communities around the world. Mr Tom Hay, chairman of the Scottish White Fish Producers' Association, is among those to have sent encouraging messages. Mr Hay called on all UK fishermen to "give the Canadian government their full and unqualified support."

The steps we have taken in the past week were not solely in the interests of Canada. We are concerned with the conservation of a resource for the sake and future of the world. The rectitude of our actions will be praised in generations to come.

Brian Tobin

The author is Canadian minister of fisheries and oceans

## OBSERVER

## One netty number

Big Blue is turning kinds cool. IBM's 1994 annual report seems to owe something to the style of Wired, the hotshot San Francisco computer magazine with its jazzy graphics and dry humour.

The paper version of the annual report includes, for example, a section designed to demystify technobabble, entitled: "Is your bandwidth gooey, a low-RISC guide to talking Tech." Or how about the definition of cyberspace, which "doesn't really exist, except when you use it. Bigger than life. The final frontier. Makes you tingle."

The conventional elements of an annual report are all present and correct, but they are accompanied by half-dozen stories of how individuals use IBM technology - rather than the more traditional sort of worthy enumeration of bulk orders to bulky corporations.

Next week comes the CD-ROM version, with digital video sequences narrated by chairman Lou Gerstner.

An interview is also promised, in which Gerstner will respond to some of the most frequently asked questions about the future of the company.

Finally, stand by for the report on the Internet, where the World Wide Web page will feature elements of both the printed and recorded versions including sound, graphics

and video. Surely one of the more ambitious corporate billboards around.

## Huffy Uffe

Political parties all over Europe are out of fashion, and their membership numbers in free-fall. Not least in Denmark.

Denish establishment politicians got smacked wrists by the voters in last year's general election when, for only the third time this century, voters elected an independent MP, the comedian Jacob Haugaard.

His platform promises - among other things - more presents from Father Christmas got him a seat but appalled mainstream politicians.

Yesterday the dullards launched a joint campaign to boost their ranks. Oddly enough, Liberal party leader Uffe Ellemann-Jensen wasn't sure that a parliament of comedians is such a bad idea: "At least we would get that pause we all so long for in the torrent of legislation."

When a Danish politician wears of politics, you know things are bad.

## Multicolourism

The US diplomatic establishment is in shock. Foreign Policy magazine - that's the long thin one designed to fit into a jacket pocket and which used to require fingers of steel to push open - has celebrated its 25th anniversary.

To mark the occasion, it has

changed its size and format and is coming out with a full colour cover. Now this is definitely one in the eye for the more elderly publication Foreign Affairs, whose sole nod in the direction of modernity has so far been limited to switching from an off-grey to an off-blue cover.

Nor does rivalry between the two show any sign of abating. Morton Abramowitz, head of Washington's Carnegie Endowment which owns Foreign Policy, decided to commemorate the new edition by submitting his own article, "of a humorous nature."

SDI Meyers, the editor, risked lese majeste and turned it down. "American foreign policy is funny enough these days without your article, Mort," he apparently said.

So Abramowitz sent his screed on to Foreign Affairs in New York, only to collect another rejection slip from Jim Hoge, its editor.

"Give it to Maynes," Hoge suggested, "he'll publish anything".

## Blackball news

So Malcolm Matson, the telecoms entrepreneur and Harvard MBA, has lost the first round of his attempt to change the rules of one of Britain's most exclusive clubs - the Corporation of London's Court of Aldermen.

Matson, who gained 78 per cent of the vote in a ward election, but then failed to get ratified by the Court of Aldermen, is waging a campaign to challenge the

"secretive and undemocratic" ways of City governance.

No help from the High Court yesterday, where the judge ruled there was nothing in the law requiring aldermen to give reasons for a blackballing. Matson will seek leave to appeal.

A grammar school boy beating at the door of a public schoolboy's club, Matson and his freely dispensed Christian views - and liberal use of phrases such as the moral marketplace - make the City establishment squirm.

But he is not about to go away. While he vows never to stand in another such election, he is not shy of throwing money behind a fight by other means.

"The truth is very patient and sometimes very expensive" he mutters darkly.

## Uphill struggle

Things have been going rather well of late for Arlette Laguille, the radical leftwing Workers' Struggle candidate for the French presidential election.

Having faithfully stood every seven years since 1974, Laguille suddenly finds herself the subject of considerably more press attention than normal.

Only problem is, most hacks seem at least equally interested in her views on her employer, which just so happens to be the haemorrhaging state-controlled bank, Credit Lyonnais.

## Financial Times

## 50 years ago

Pan-American Airways Pan-American Airways stockholders have approved proposals preparatory to an offering of new stock and rights to subscribe to it. They have agreed to a two-for-one stock split-up and an increase in the authorised capital stock from the present 6m shares to 10m. To date, shares outstanding total 1,993,261 with a par value of \$5 each. After the stock split-up, the shares will have a par value of \$2.50.

Dearer farm products. Brussels: The Government has been compelled by circumstances to authorise a price increase for farm products by an average of 40 per cent, with a view to encouraging farmers to sell. Subsidies will prevent an increase in consumer prices, and so avoid agitation for higher wages which would follow a rise in the official cost of living index.

Australian wool tax. A new Bill provides for the quadrupling of the rate of tax under the Wool Tax Act, making the tax two shillings a bale, one shilling a fawn or butt and fourpence a bag.

The Financial Times was not published on Sunday March 17 1895











## INTERNATIONAL COMPANIES AND FINANCE

## Swedbank aims for May share sale

By Hugh Carnegie  
in Stockholm

Swedbank, the Nordic region's biggest bank by asset value, yesterday said it would carry out its planned listing on the Stockholm stock exchange through a SKr3bn share sale in May.

The move will cement Swedbank's bid to become one of the region's leading commercial banks since being formed in 1992, during the loan loss crisis that almost crippled the Swedish banking system, through the merger of savings banks. With total assets of

SKr164bn (\$64.5bn), Swedbank has emerged with a strong market position, offering a full range of banking services. It posted its first full-year profit, of SKr4.06bn, last year after wrestling down its credit losses.

"Listing of Swedbank's stock and the broadening of share ownership represent a very important step in the bank's development," said Mr Göran Collett, who is to move from his post of chief executive to chairman in an associated change. His deputy, Mr Reinhold Geijer, will succeed him as chief executive.

The share issue will be carried out through the sale of stock held by the Savings Banks Foundations, which control Swedbank. They have agreed to sell stock worth SKr3bn, although the number of shares to be sold has not been announced. Market analysts estimate the whole bank is worth close to SKr14bn.

Mr Collett said the sale would leave the Foundations holding about 40 per cent of Swedbank. Institutions would end up with 40 per cent and the public, 20 per cent. He said the recent weakness of the stock market, which has forced

the government to delay its planned privatisation of state-owned Nordbanken, had not deterred the share sale project - although a final decision to go ahead would depend on market conditions.

Two-thirds of the issue will be offered to the public, with priority going to 250,000 Swedbank savers. The balance will go to Swedish and foreign institutions. The proceeds will be used to pay down debts held by the Foundations. This will, in turn, allow them to unwind a position on the SKr5.5bn in state guarantees put up to overcome the banking crisis.

## Improved sales help lift BMW by 35%

By Kevin Done,  
Motor Industry Correspondent

BMW, the German carmaker, lifted net profit by 35 per cent last year, to DM697m (\$500.5m) from DM516m a year earlier, on the back of higher sales in most world markets.

Group net profit included a contribution of DM12m from Rover Group, the UK carmaker taken over early last year and consolidated with effect from mid-March.

BMW, the only German carmaker to have remained in profit during 1993, is paying shareholders a bonus of DM1.5 a share for 1994 on top of an unchanged dividend of DM12.5 a share.

Separate financial figures for Rover have not been released officially, but it is understood it increased operating profit before interest and tax last year to about £100m (£62.6m) from £58m in 1993.

The BMW group achieved turnover of DM42.1bn last year, taking in Rover from mid-March.

On the same basis, vehicle production was 942,400 and deliveries to customers, \$31,880. The workforce, meanwhile, totalled 109,500.

Excluding Rover, BMW group turnover rose 10.1 per cent to DM31.95bn from DM29bn. BMW car production, without Rover, rose 7.5 per cent to 573,100 from 532,960, while sales climbed 7.4 per cent to \$73,850 from \$64,397.

BMW raised its sales in western Europe last year by 6 per cent to 390,000, while those to the US were up 6 per cent to 84,500, and 13 per cent in Japan, to 29,000.

Group operating profits almost doubled last year, helped by an 11 per cent rise in sales worldwide to 475,500 - the highest level since 1989 - from 429,800 in 1993. Sales of Rover and Land Rover models outside the UK increased 22 per cent to 219,300.

Rover still depended for 54 per cent of its total sales volume on the UK market, where sales rose by only 3 per cent to 256,200. Rover production rose 16 per cent to 478,600 last year.

## Slide in gold and metals holds Minorco profit flat

By Kenneth Gooding,  
Mining Correspondent

Minorco, the Luxembourg quoted natural resources group controlled by South Africa's Anglo American Corporation, returned flat earnings before extraordinary items last year, at \$241m compared with \$340m in 1993. Earnings per share before extraordinary items were \$1.07 in both years.

Mr Hank Slack, president, described the result as "satisfactory". Performance of the various business sections varied. Industrial minerals, agribusiness and paper and packaging did well, but earnings from gold and base metals, particularly in North America, did not match those of 1993.

The Jerritt Canyon gold operations in Nevada have

been restructured, resulting in an extraordinary charge of \$99m. A further \$25m extraordinary loss came from a write-down of expenditure at the Hudson Bay copper smelter in Canada, where a modernisation project has been deferred indefinitely.

Mr Julian Ogilvie Thompson, chairman, said Minorco would benefit in 1995 from a restructuring of its gold interests and from recent developments in its base metals and paper and packaging segments. The acquisition last October of AMCI by US Terra offshoot would make "a major contribution" to the agribusiness earnings.

Minorco adopted a calendar financial year in May following the acquisition of some assets from Anglo American. Earnings before extraordinary

items for the 18 months to December 31 were \$347m, or \$1.54 a share, against a restated \$252m, or \$1.12, for the 12 months to June 30 1993. The group plans to pay dividends totalling 95 cents for the 18 months, compared with 57 cents in the previous year.

Pro forma sales in 1994 rose to \$3.4bn from \$2.8bn. Operating earnings surged 73 per cent to \$291m, and earnings before tax were up 30 per cent at \$414m.

Net cash from operating activities increased to \$443m from \$355m. In spite of a steep increase in capital expenditure, to \$595m from \$293m, and acquisition and investment costs of \$537m, Minorco's financial position at year-end remained strong.

## Price rises drive recovery at MoDo

By Christopher Brown-Humes  
in Stockholm

Big increases in pulp and fine paper prices have driven a recovery at MoDo, one of Sweden's leading pulp and paper groups, to profits of SKr1.82bn (\$252.3m) last year from a SKr1.45bn loss in 1993.

The turnaround also reflected higher deliveries in a year of strong recovery in the Nordic pulp and paper sector, after depression earlier in the decade.

The strength of the upturn was apparent in the fourth

quarter, when MoDo posted profits of SKr1.5bn, after a loss of SKr22m a year earlier. The group's figures have improved in each successive quarter for the past two years.

Full-year sales climbed to SKr20.25bn from SKr17.09bn, and operating profits were up to SKr2.68bn from SKr687m. Financial costs fell to SKr66m from SKr1.14bn because of lower interest rates and reduced debt. About SKr1.8bn of the SKr2.2bn bottom-line improvement was attributed to price rises, and the rest to higher volumes.

As Europe's third biggest producer of market pulp and its fifth biggest producer of fine papers, the company benefited from the doubling of pulp prices and a 70 per cent rise in fine paper prices in 1994.

Its French unit, however, remained in the red, with a SKr50m deficit, largely because of continued losses at its Alzay fine paper plant. However, MoDo said Alzay had reached profit by the year-end.

Mr Bengt Pettersson, chief executive, said strong demand would keep MoDo mills at full capacity in 1995. He also fore-

cast further price rises. Big increases in newspaper prices were introduced at the start of the year, and pulp prices have continued to climb.

The group has strengthened its balance sheet through disposals, including the sale of its packaging unit in a deal worth SKr1.2bn. It stresses that its targeted debt/equity ratio of 0.5, against 0.69 at present, would not be threatened by a SKr4bn investment programme.

MoDo restored its dividend, with a payout of SKr1 a share on earnings per share of SKr30.

## Allianz pulls out of Austrian bank contest

By Andrew Fisher in Frankfurt

Allianz of Germany, the largest insurance concern in Europe, said yesterday it was pulling out of the bidding contest for Creditanstalt-Bankverein of Vienna. However, it retains a strong interest in Austria, where it is number three in the insurance market.

The decision to withdraw follows this week's announcement that a consortium headed by Generali, the Italian insurance company, had made an offer worth some \$99bn (\$91bn) for 49 per cent of the voting shares of Creditanstalt-Bankverein. Credit Suisse withdrew its bid last autumn.

Allianz never made a formal offer and, anyway, would not have taken a majority stake.

Its involvement would have been a joint effort with Bayerische Hypo-Bank - like Allianz, based in Munich - and Austrian partners.

The Generali-led consortium includes Erste Oesterreichische Sparkasse Bank (First Austrian Savings Bank); Germany's Commerzbank; Banca Commerciale Italiana; and several Austrian industrial companies. The consortium has said it will also bid for the government's remaining 22 per cent of voting shares, but sell these quickly through a private placement.

The state's 70 per cent of voting shares represents 49 per cent of the total share capital. The finance ministry hopes to make a decision on the bid soon.

## ING confirms interest in Budapest Bank

By Virginia Marsh  
in Budapest

ING Bank, part of the Dutch financial services group, yesterday confirmed its interest in acquiring Budapest Bank, following Credit Suisse's announcement on Monday it was pulling out of negotiations over the state-owned bank.

ING officials said the bank was awaiting a formal request from the Hungarian authorities to re-open talks on its bid for Budapest Bank, one of the country's big four commercial banks and only the second large Hungarian bank to come up for privatisation.

Hungary named Credit Suisse, the main banking arm of CS Holdings, as preferred bidder in December, after a closed

tender. ING and Allied Irish Banks also submitted bids.

ING denied the group's purchase of Barings, the collapsed UK merchant bank, would prevent it from pursuing expansion elsewhere. It said there was "no reason at all" to suppose negotiations for Budapest Bank would be affected by the Barings acquisition, and that it had the resources and management to acquire both.

However, it said that since the December tender, ING bank had been looking at other possible acquisitions in Hungary, where it already had banking and insurance subsidiaries. Budapest Bank was just "one of the options".

Hungarian officials said they expected ING would be approached shortly.

## SPT Telecom up 22% pre-tax

By Vincent Boland in Prague

SPT Telecom, the Czech state telephone operator, yesterday reported a 22.8 per cent rise in pre-tax profits for 1994, and signed a \$150m syndicated loan agreement with a consortium of international banks.

Preliminary pre-tax profits rose to Kc1.39bn (\$262.2m) from Kc1.03bn, on revenues up at Kc22.71bn from Kc18.36bn. Costs rose to Kc15.31bn from Kc12.33bn.

SPT plans an increase in spending on modernisation this year, to Kc18bn from Kc12.2bn last year. Some of the money will come from the proceeds of the syndicated loan, a three-year multi-currency facility arranged by Credit Lyonnais Bank Praha and Fuji Bank.

Lead underwriters of a 21-member consortium are Bank of America and Westdeutsche Landesbank. SPT had originally sought a \$100m loan, but a flood of offers from international lenders convinced it to increase the facility by \$50m.

The tender to select SPT's strategic foreign partner, which will take a 27 per cent stake later this year, is continuing in spite of a court order two weeks ago that it should be halted. The court

upheld a complaint by Telis, a Czech telecoms company, that it had unfairly been excluded from the tender.

The government is appealing against the court order, which means it cannot be enforced yet.

Five offers for the stake have been received from international telecoms groups. The bidders are Telian, comprising Bell Atlantic and France Telecom; CeTel, involving Deutsche Telekom and Amnitech; and TelSource, composed of PTT Telecom Netherlands and Swiss Telecom.

## Daf Trucks solid in first full year

By Kevin Done

Daf Trucks, the Dutch commercial vehicle maker, posted a net profit of Fl122.7m (\$78.6m) on turnover of Fl2.27bn in 1994, its first full year of operation since it was rescued from financial collapse by the Dutch and Flemish governments in early 1993.

In the 10 months from March to December 1993, it made a net profit of Fl10.5m on turnover of Fl1.5bn.

The Dutch and Flemish governments own close to 50 per cent of the equity of the group, which was formed to salvage the Dutch and Belgian heavy truck operations of the former Daf group, which collapsed in early 1993 after running up accumulated net losses of Fl87m over three years.

The Daf Trucks workforce had increased to 4,225 at the end of 1994, from 3,445 a year earlier. Of these, 2,943 were employed in the Netherlands

and 1,072 in Belgium.

Truck sales rose to 21,154 last year from 10,004 in the final 10 months of 1993, while heavy truck production at the group's main Breda plant surged to 11,239 from 4,357.

Daf said it expected its heavy truck production to increase by around 50 per cent this year. It forecast a 13 per cent improvement in the west European heavy truck market, to about 152,000 units.

## 1994 Year-End Report - Skandia Insurance Company Ltd.

## Considerably Improved Insurance Result

- The insurance result for non-life insurance and reinsurance amounted to MSEK 1,002 (533), and the management operating result for life and unit linked assurance totalled MSEK 716 (548). Operations in Sweden and Norway, NIG Skandia in the U.K., and the international life assurance operations showed good profits.
- The operating result - before realized changes in value and adjustments to the lower of cost or market value - improved to MSEK 802 (-913). The operating result after realized changes in value and adjustments to the lower of cost or market value amounted to MSEK -187 (2,010).
- Net asset value at year-end totalled MSEK 15,816 (15,781), or SEK 155 per share.
- SkandiaBanken, which opened for business in October, had 16,200 accounts registered by year-end.
- Premium income rose to MSEK 52, 248 (43,503) mainly due to the growth of unit linked assurance.
- Changes in value were negative due to the trend in the financial markets, amounting to MSEK -2,758 (2,879). The bond portfolio accounted for most of the changes in value, MSEK -2,701 (1,675). The share portfolio decreased in value by MSEK -74 (1,724).
- The Board of Directors proposes a shareholder dividend of MSEK 205 (154), or SEK 2 (2) per share.
- The Annual General Meeting will be held on April 25 and will consider a proposal for a new voting-rights limitation rule. It entails, among other things, that the current limitation to 5 per cent of the shares represented at meetings be increased to 10 per cent.

## SUMMARY OF RESULTS

	1994	1993
	MSEK	MSEK
Premium income, gross	52,248	43,503
- Non-life insurance and reinsurance	23,857	24,703
- Life and unit linked assurance	28,391	18,800
Insurance result, non-life insurance and reinsurance	1,002	533
Management operating result, life assurance	716	548
Operating result	-187	2,010
Management operating result	-1,715	4,068
Total assets (SEK billion)	162.9	136.5
Net asset value	15,816	15,781
Solvency margin, %	82	84

Excluding the operations conducted by Swedish Skandia Life.

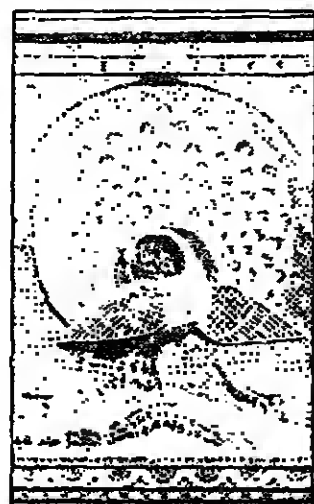
Skandia is an international corporation that offers insurance and financial services in the Nordic home market and elsewhere around the world. The group provides a wide range of direct insurance, reinsurance and savings products for individuals and businesses. Operations are conducted in 23 countries in Europe, Asia, North America and South America. Skandia, based in Stockholm, has about 10,500 employees. The Skandia share is listed on the Stockholm, Copenhagen and London stock exchanges.

A complete Annual Report will be published in around April 5 and can be ordered from Skandia, Market Communications, S-103 50 Stockholm, tel. +46-8-788 10 00.



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Telex: 72193, 72173, 72380  
Telegrams: "SHREE"  
Fax: 6873315  
Swift : PUNBINBBID  
Commercial Bank : Established in 1895.

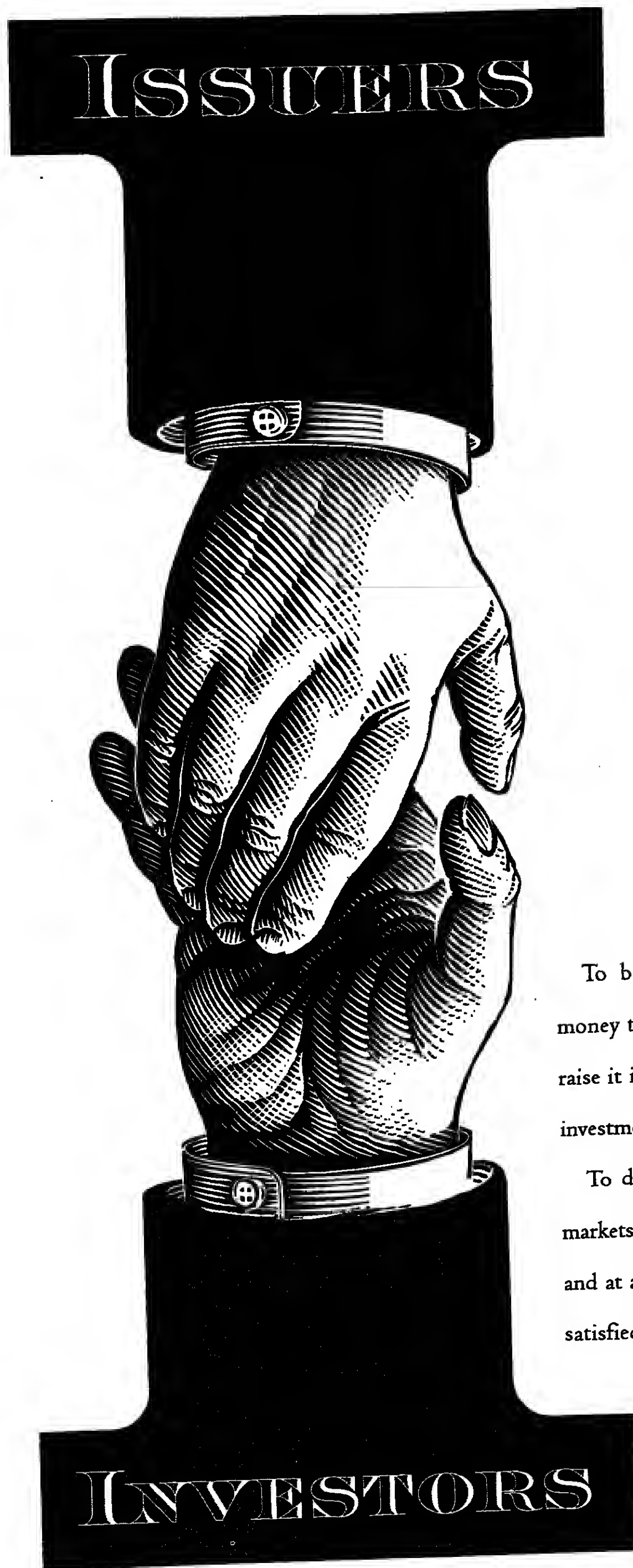
## Correspondents:

**Amsterdam:** ABN AMRO BANK  
**Maastricht:** Meespierson NV  
**International:** Nederlanden Bank NV, RABO BANK, Frankfurt: Berliner Bank, BHF Bank, Commerzbank, Deutsche Bank, Dresdner Bank.  
**Hong Kong:** Nanyang Commercial Bank Ltd., Hongkong and Shanghai Banking Corp.  
**London:** Bank of Scotland, Barclays Bank, Lloyds Bank, Midland Bank, National Westminster Bank, Royal Bank of Scotland, Standard Chartered, Milan: Banca Commerciale Italiana, Credito Italiano, New York: American Express Bank, Bank of New York, Bankers Trust, Chase Manhattan Bank, Citibank, European American Bank, Republic National Bank of New York, Paris: Banque Francaise du Commerce Extérieur, Banque Indosuez, Banque Nationale de Paris, Credit Commercial de France, Credit Lyonnais, Credit du Nord, Societe Generale  
**San Francisco:** Bank of America N.T. & S.A., Bank of California, Citibank, First Interstate Bank of California, Tokyo: Bank of Tokyo, Daiichi Kangyo Bank, Mitsubishi Bank, Sakura Bank Ltd., Sanwa Bank, Sumitomo Bank, Zurich: Credit Suisse, Swiss Bank Corp., Union Bank of Switzerland  
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## INTERNATIONAL COMPANIES AND FINANCE

## Senate panel deals blow to Viacom disposal plan

By Tony Jackson in New York and George Graham in Washington

Attempts by Viacom, the US media group, to sell its cable TV interests suffered a further setback on Wednesday when the Senate finance committee voted to block tax breaks for owners of communications companies from minority groups.

Viacom's controversial \$2.3bn sale of its cable business to Tele-Communications Inc, one of the biggest US cable operators, has been structured through a holding company headed by a black businessman, Mr Frank Washington, to gain tax deferrals estimated at \$640m.

The Senate committee, which handles tax issues, voted through a bill rescinding

the Federal Communications Commission's minority ownership programme, with effect from January 17.

The measure, which was passed by the House of Representatives last month, now goes to the full Senate.

Because of differences between the two bills, House and Senate would then have to confer to reconcile their versions.

Viacom yesterday reiterated that the deal was conditional upon the tax breaks being allowed. "Without the tax deferral, we won't go ahead with this transaction as structured. It wouldn't make sense financially."

However, the company said it remained committed to selling its cable interests. "We will structure a transaction which makes business sense for us."

This need not be with TCI it said. "We will have talks with anyone who is interested."

● The FCC has suffered another setback to its efforts to promote minority ownership of broadcasting and telecommunications businesses.

A Federal appeals court blocked its planned auction of FCC communications licences for small businesses, because it includes financial preferences for bidders owned by women or other disadvantaged groups.

Industry experts said the delay could kill the auction, since existing cellular telephone operators and successful bidders in the \$7bn auction of broadband communications licences which ended this week will have a head start over the suspended auction.

## Liquidation of Dutch unit sought by bondholders

By Antonia Sharpe

A group of Barings bondholders yesterday asked a Dutch judge to liquidate the Dutch subsidiary of the collapsed merchant bank in a bid to get their money back.

Their action was contested by another group of Barings bondholders, who believe that the liquidation of Barings BV would reduce their chances of being repaid.

The bondholders who brought the action invested in a \$150m floating-rate note which Barings BV issued last year.

The FRN was declared in default last Friday by Euroclear, the international clearing and settlement house, and the holders have demanded repayment.

The group resisting the action are holders of a \$150m capital note which Barings BV issued in 1986.

The note has a "flip" clause which switches liabilities for payment of creditors to Barings plc if Barings BV goes into liquidation.

The FRN holders want the flip clause to be enacted so that they become the only creditors of Barings BV.

However, the capital note holders want to remain creditors of the Dutch arm because it is more likely to repay its liabilities than its parent.

Although Barings BV was not bought by ING, the Dutch bank has indicated that in 1999 it will repay a \$150m loan which Barings BV made to Barings Securities International and between 5 per cent and 20 per cent of a \$93.67m loan made to Barings Brothers.

However, ING is only likely to repay \$7.5m of a \$100m loan which Barings plc made to Barings Brothers.

Observers said the two groups had gone to court because the ING takeover of Barings had left bondholders out in the cold.

They noted that investors who had participated in a \$100m perpetual subordinated note which Barings plc issued last year were unlikely to see a penny.

## London 'controlled Leeson trading'

By William Lewis in Singapore

The trading activities of Mr Nick Leeson were "managed and controlled" by Barings staff in London, according to two key Singapore-based Barings executives.

Mr Simon Jones and Mr James Bax, both formerly directors of Barings Futures (Singapore), the subsidiary whose losses led to Barings' collapse, said that the bank's London-based financial products division supervised Mr Leeson's Singapore trading activities.

Both deny Mr Leeson reported to either of them on the trades he carried out on Simex, the Singapore futures exchange.

In letters to The Straits Times, the Singapore newspaper, the lawyers of both executives said: "Mr Leeson's trading activities on Simex were managed and controlled by the financial products group of Barings in London."

The letters said Mr Leeson reported on these activities "to them", not to Mr Bax or Mr Jones.

The statements, in response to an article published in the newspaper on Wednesday, represent the first public comments by either executive since Barings' collapse last month. It puts the spotlight on

the role played by Mr Ron Baker as head of the financial products group at Barings in London. Shortly before Barings collapsed, Mr Baker was named to its investment banking management committee, but he has no role in the senior management structure introduced by Internationale Nederlanden Groep, Barings' new owner.

Mr Bax and Mr Jones are represented by different lawyers but their statements are largely the same.

Mr Wee Pan Lee, Mr Jones' lawyer, said that his client did supervise Mr Leeson "regarding minor administrative matters". However, "Mr Leeson neither reported to, nor was supervised by, Simon Jones regarding his trading activities".

Mr Jones' lawyer also stated that "Mr Leeson reported 'daily' on his Simex trading activities to the financial products group 'and at no time to Simon Jones'". Mr Bax's lawyer states: "It was also to them that Mr Leeson reported to on these activities, not to Mr Bax."

Before Barings' collapse, Mr Bax held the post of managing director of BFI while Mr Jones was also a director. Mr Leeson acted as general manager of

BFI. Mr Bax and Mr Jones were also directors of Barings Securities (Singapore).

Mr Jones and Mr Bax have not been appointed directors of the successor company to BFI. ING said it would "try to make use of his [Mr Bax's] great knowledge of the securities business". Mr Jones' role is apparently "still to be worked out", his lawyer said yesterday.

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ence". He was asked to keep "an eye" on the subsidiary but played a limited role in day-to-day affairs.

Details contained in an internal audit report into BFI last year appear to indicate Mr Jones played a more significant role than Mr Bax. The report contains one "management response" statement written by him and two co-written with Mr Leeson.

In the one written by Mr Jones he states: "As discussed with Internal Audit, current and compliance issues do not warrant a full-time officer for BFI."

In another, written with Mr Leeson, it was agreed that Mr Leeson would "with immediate effect... cease to perform the functions 'itemised' which included 'daily review and sign off of Simex reconciliations'".

● Simex said Barings Futures International, the new company registered this week by ING, must reply for membership on the exchange and arrange to buy a seat. Reuter reports.

● Swiss banking authorities said they had lifted all restrictions on operations of Barings Brothers (Swiss), a Barings Geneva-based subsidiary, Reuter reports.

held initially with Barings officials in Singapore, Barings said it was aware of the situation.

Similar assurances were delivered by Mr Anthony Hawes, Barings group treasurer, who met Simex on February 8 to discuss the situation. From Simex's point of view, the best evidence the situation was in order was that Barings met margin calls, in amounts of hundreds of millions of dollars, right up to Monday February 27, when the bank went into administration.

Mr Sam said: "If a company does not have good internal controls, no amount of regulation will correct that. Simex, however, was drafting a new rule that would prohibit member firms from allowing beads of trading to also have trade settlement responsibilities."

Mr Leeson had both responsibilities.

Whether one checks or not to a large extent is a question of judgment," she said. "I have to say in this respect that our people believed Barings."

She said: "Barings Securities was very big in the Nikkei market, and derivatives trading is a complementary activity. Futures positions are always relative to the firm and what they do."

"We have learned not to accept explanations at face value notwithstanding the fact," Mrs Sam said. "If this incident has highlighted anything, it is the importance of exchanges being able to communicate with one another."

Mrs Sam said beginning on January 11, Simex drew Barings' attention to the size of the Singapore futures position and made it clear that there were related financial obligations. She said throughout these discussions.

Mrs Sam said Simex accepted oral and written explanations from Barings and never independently contacted the Osaka Securities Exchange to verify Barings' explanation that its Singapore exposure was an arbitrage position offset by positions held there.

Mrs Elizabeth Sam, chairman of the Singapore International Monetary Exchange, said yesterday Simex officials had not questioned the explanation of Barings Futures (Singapore) about the futures positions Mr Nick Leeson was accumulating because it relied on the UK bank's good name and credit standing.

Mrs Sam repeated Simex's explanation of why the exchange did not intervene and force Barings to reduce its market exposure, in spite of growing alarm on the part of exchange officials at the size of the positions.

Although Barings' positions in Simex Nikkei futures are believed to have accounted for as much as 15 per cent of the Simex market, Mrs Sam said market manipulation was not a real concern for the exchange.

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Mrs Sam repeated Simex's explanation of why the exchange did not intervene and force Barings to reduce its market exposure, in spite of growing alarm on the part of exchange officials at the size of the positions.

Although Barings' positions in Simex Nikkei futures are believed to have accounted for as much as 15 per cent of the Simex market, Mrs Sam said market manipulation was not a real concern for the exchange.

Mrs Elizabeth Sam, chairman of the Singapore International Monetary Exchange, said yesterday Simex officials had not questioned the explanation of Barings Futures (Singapore) about the futures positions Mr Nick Leeson was accumulating because it relied on the UK bank's good name and credit standing.

## Kredietbank advances 7.4%

By Lionel Barber in Brussels

Kredietbank, Belgium's third largest bank, yesterday reported a 7.4 per cent increase in group net profits to BFr10.49bn (\$365m) for 1994.

The results reflected a decline in financial market activities such as currency trading, which produced record income in 1993 and a 15.1 per cent increase in net profits.

A second negative factor concerns backdated tax assessments on the valuation of shareholdings denominated in foreign currencies. The value

of these shares has been affected by the weakening of currencies against the Belgian franc.

The Belgian authorities are no longer considering losses from these investments deductible against tax. Although Kredietbank is disputing this, it has decided to make a BFr2.5bn provision covering the possible tax liability.

Kredietbank stressed that profits in 1994 were drawn chiefly from core businesses, in spite of "persistently slack demand for credit in the domestic market and sustained

pressure on the interest margin".

The 1994 results reflected tight control on costs and a sharp decline in depreciation, write-downs and provisions to BFr6.35bn against BFr12.31bn in 1993.

Kredietbank's profits before tax were up 9.5 per cent at BFr16.5bn. The directors will propose a net dividend of BFr215 at the agm next month. This compares with a final dividend of BFr200 in 1993, along with a one-off supplementary interim dividend of BFr90 a share.

## US Shoe rejects Luxottica bid

By Richard Tomkins in New York

US Shoe, the loss-making US retailer facing a \$1.1bn bid from Luxottica, the Italian spectacle frame maker, yesterday rejected the offer and said it had agreed to sell its footwear business to Nine West, another US shoe retailer, for \$560m in cash plus stock warrants.

It said it believed US Shoe's businesses were worth more than Luxottica had offered and

it had better options available for maximising shareholder value.

US Shoe's lacklustre earnings record has put it under pressure to improve its financial performance.

Earlier this month it received an unsolicited cash offer worth \$24 a share from Luxottica. The Italian company said it wanted US Shoe for its LensCrafters eyewear business and would probably sell the other operations if the takeover bid succeeded.

The LensCrafters business is the healthiest part of US Shoe. In the year to January, it increased operating profits to \$14.5m from \$11.2m.

Last December US Shoe agreed to sell its footwear business to Nine West for \$600m in cash plus stock warrants, but in February Nine West pulled out saying the price was too high.

Yesterday's deal comprises \$560m in cash plus warrants to buy 3.7m Nine West shares at \$35.50 a share at any time in the next 8 1/2 years.

## MINORCO

## Preliminary results for the eighteen months to December 31, 1994

"Minorco will benefit in 1995 from the restructuring of our gold interests and the developments in our base metals and paper and packaging segments. Efforts to improve efficiencies in all our businesses continue. Terra's latest acquisition should also make a major contribution to our agribusiness earnings."

Julian Ogilvie Thompson, Chairman

## Statutory Results

	18 months to Dec 31 1994	12 months to June 30 1993
US\$ millions:		
Sales	4,634	2,776
Operating earnings	358	140
Earnings before taxation	540	340
Earnings before extraordinary items	347	252
Earnings after extraordinary items	245	340
US\$ per share:		
Earnings before extraordinary items	1.54	1.12
Dividends declared	0.95	0.57

\*Recommended by directors and subject to shareholders' approval.

## Proforma Results for Comparative Purposes

	Calendar Year 1994	Calendar Year 1993
US\$ millions:		
Sales	3,435	2,805
Operating earnings	291	169
Earnings before taxation	414	318
Earnings before extraordinary items	241	240
Net cash provided by operating activities	443	282
Capital expenditure	525	293
Acquisitions and investments	537	485
US\$ per share:		
Earnings before extraordinary items	1.07	1.07

■ Earnings from operations increased by 73%-strong contributions from industrial minerals, agribusiness and paper and packaging.

■ Earnings before tax increased by 30% to US\$414 million.

■ Earnings before extraordinary items maintained.

■ US gold interests restructured and new Cresson mine approached first production.

■ Major expansion of agribusiness interests.

■ Acquisition of 50% interest in Lihoben zinc project in Ireland.

■ Following year-end, interest in Collahuasi, a major Chilean copper project, increased to 50%.

## FINAL DIVIDEND

The proposed final dividend for the eighteen months to December 31, 1994 of 38US cents is, subject to shareholders' approval, payable on May 12, 1995 to shareholders of record on April 13, 1995. The report for the eighteen month period will be mailed to shareholders on or about April 8, 1995. Copies may be obtained from the UK transfer agent: Barclays Registrar, Bournemouth House, 34 Bournemouth Road, Bournemouth, Kent, BR3 4TU, England.

## MINORCO

MINORCO SOCIETE ANONYME, LUXEMBOURG, MARCH 16, 1995

REPUBLIC OF ECUADOR  
CONSEJO NACIONAL DE MODERNIZACION DEL ESTADO  
CONAM

## PROCUREMENT OF CONSULTING SERVICES FOR THE REFORM OF THE ELECTRICITY SECTOR IN ECUADOR

THE ECUADORIAN GOVERNMENT, in accordance with the ongoing process of modernization of the electricity sector through a reform program financed by the World Bank, seeks expressions of interest and summaries of qualification from consortia made up by legal, engineering, accounting and economic consulting firms. Such consortia must demonstrate experience in the design and establishment of a legal and regulatory framework that promotes private sector participation, including long term concessions.



## INTERNATIONAL COMPANIES AND FINANCE

## KKR quietly takes its leave of an era of greed

By Richard Tomkins in New York

The barbarians at the gate must be wishing they had never entered it. At any rate, they are quietly going out through it again.

In what is being seen as an ignominious codicil to the "greed" era of the 1980s, Kohlberg Kravis Roberts, the Wall Street investment firm, is giving away its stake in RJR Nabisco, the US tobacco and food group it bought at the climax of the leveraged buy-out boom.

It is handing over its last remaining 111.6m shares in RJR Nabisco, equivalent to 8 per cent of the equity, to Borden, the ailing US food company it bought in last December. Borden intends to sell the shares to help finance a restructuring.

KKR's \$25bn purchase of RJR Nabisco in 1989 was not only the biggest takeover in corporate history. It also came to be seen as the defining moment of a decade of excess, in part characterised by the very large prices companies were paying to acquire one another.

KKR took over RJR Nabisco at the end of a bitter six-week battle in which it outbid a group controlled by RJR's own chairman with an offer financed almost entirely by junk debt. The battle spawned a best-selling book called *Barbarians at the Gate*.

KKR's initial equity stake in RJR Nabisco was just \$1.35bn, but it had to inject another \$1.7bn to refinance some high-yielding debt when the junk bond market foundered in 1990.

A year later, it diluted its stake to 39.9 per cent by selling 100m new shares in RJR Nabisco in an initial public offering.

On average, KKR paid a price of \$52 a share for RJR Nabisco's equity. Yesterday, the shares were down 5% at \$54, or \$5.625, so, leaving aside any value attributable to the Borden investment, KKR has so far shown a gross return on its investment of approximately zero.

One reason for the poor performance of the investment is the high price paid for RJR Nabisco in the first place. But KKR was also unlucky; it could not have foreseen the price war in the US cigarette market triggered by Marlboro Friday in 1993, nor the unprecedented barrage of regulatory and legal threats that have battered the industry since.

Last year KKR gave the first indication that it intended to withdraw from RJR Nabisco when it traded \$1.9bn worth of its RJR Nabisco shares to acquire Borden, reducing its stake to 17.5 per cent.

Once the takeover was complete, it started handing over RJR Nabisco shares to its new subsidiary so that Borden could sell them to raise funds.

Late on Wednesday evening, Mr Henry Kravis and Mr George Roberts, KKR's founding partners, said: "We have decided that our investors would be better served by consolidating our equity position in Borden, a company which was wholly owned, rather than a small minority investment in RJR."

In its way, it was the end of an era.

## Ahold posts 19.4% rise to FI 409.5m

By Ronald van de Krol in Zaandam

Ahold, the Dutch-based food retailer with operations in Europe and the US, reported a 19.4 per cent rise in 1994 profit yesterday and announced long-term ambitions to expand into south-east Asia.

The company, whose annual turnover is split roughly evenly between European and US operations, said net profit rose to FI 409.5m (\$260.8m) from FI 343.1m, on a 7 per cent rise in turnover to FI 29.0m.

Mr Cees van der Hoeven, president, attributed the increase to higher operating profits.

For the first time, Ahold's activities in the Czech Republic reached break-even in the fourth quarter, although once again there was a slight operating loss in the country for the year as a whole.

For 1995, he predicted that both operating profit and turn-

over would rise in local currency terms in the Netherlands, Europe and the US, producing higher after-tax profit for the group.

The 1994 dividend is to be raised to FI 0.77 plus \$0.30 from FI 0.62 plus \$0.23.

The increase outstrips the 12.7 per cent rise in earnings per share to FI 3.44, reflecting the company's aim to raise its pay-out ratio.

The company said it had set up a department to investigate opportunities in Indonesia, Thailand, Malaysia, the Philippines, China and India.

Ahold said expansion in Asia could be achieved by either acquisitions or joint ventures.

Mr Edward Moerk, member of Ahold's executive board, said south-east Asia could account for about 10 per cent of group turnover in 10 years. However, he stressed that it could take some time before Ahold could make its first deal in Asia.

## Varig back in the black after sharp rise in traffic

By Angus Foster in São Paulo

Varig, Latin America's largest airline, yesterday announced a swing back to profit thanks to cost savings and a sharp rise in traffic in its home Brazilian market.

Varig, which a year ago temporarily suspended lease and debt payments because of mounting financial problems, announced profits after tax of R\$170m (\$188.5m) in the year to December 31, against a loss of R\$273m for the previous year. The company said it was benefiting from greater efficiencies and growing demand.

Varig's workforce has been cut to 21,100, a 15 per cent fall from a year ago and down 25 per cent since 1991. The company has also suspended services on 13 loss-making or

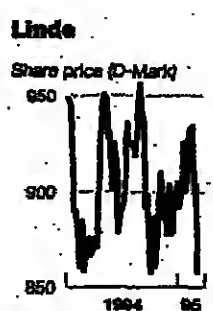
unprofitable routes, including 11 international services.

Its fleet has fallen from 85 to 75 aircraft. During the year, General Electric of the US took over the leases on six Boeing 767-200s as part of a refinancing which saw GE and McDonnell Douglas gain seats on the Varig board.

Demand on Varig's domestic routes grew sharply during the second half of the year following the successful launch of Brazil's new Real currency. The number of passenger kilometres transported, which had fallen almost 10 per cent in the first half of the year, recovered 7.4 per cent in the second half. International traffic, which was flat in the first half, grew 8.6 per cent in the second. International cargo traffic increased 15.8 per cent.

## NEWS DIGEST

## Linde increases payout after 38% gain in earnings



Source: FT Graphite

Linde, the German engineering, gases and refrigeration company, yesterday announced a 38 per cent rise in earnings to DM246m (\$177m) for 1994 and gave further details of its rights issue which will raise DM640m, writes Andrew Fisher in Frankfurt. It is also increasing its dividend to DM15 a share from DM14, restoring the cut made after 1993 earnings fell sharply. Pre-tax profits last year rose by 22 per cent to DM471m.

The company benefited from last year's recovery in the German economy, with turnover up by 11 per cent to almost DM7.9bn. New order inflow increased by 10 per cent to DM8bn. Linde said it benefited from improved capacity utilisation - especially in materials handling equipment - as well as cost-cutting measures throughout the company.

Linde, one of whose leading products is forklift trucks, said its previously announced rights issue would be priced at DM600 a share to raise DM640m; this is a big discount on yesterday's closing price of DM655.

The subscription period will be from March 23 to April 5, with shares offered on a one-for-five basis.

## Securum stages sharp swing back to profit

Securum, the Swedish state-owned company set up to liquidate Nordbanken's bad loans, made SKr5.1bn (\$788m) profit in 1994, a dramatic swing from losses in 1993, writes Christopher Brown-Humes in Stockholm.

The main contribution was a SKr5.45bn capital gain, arising from the sale of Securum's stake in Nobel Industries to the Dutch group, Akzo. The move created Akzo Nobel, one of the world's leading speciality chemicals groups.

The turnaround also shows the progress the group has made in converting its loan portfolio into assets, and then restructuring them to maximise returns.

Assets totalling SKr7.2bn were liquidated last year, and cash flow from operations was SKr1.04bn, compared with a negative SKr578m a year earlier.

Securum, set up with SKr24bn in equity in early 1993, hopes to return at least SKr10bn to state coffers by the time its disposal programme is completed early next century.

## Cost-cutting and capital gains lift Celsius

Celsius, the Swedish defence group, lifted income after financial items to SKr904m (\$125.7m) in 1994, compared with SKr726m a year earlier, writes Christopher Brown-Humes.

The result included SKr169m in capital gains, arising mainly from the sale of the group's stake in Safe Partners, an offshore company.

The company said its cost-cutting programme had helped to lift operating profits to SKr788m from SKr533m. But bond market turbulence cut returns on its money market portfolio, lowering financial income to SKr116m from SKr373m.

Sales rose by SKr500m to SKr13.7bn, although on a like-for-like basis they were down 4 per cent. The order intake increased to SKr12.5bn from SKr11.6m.

The group warned its 1995 figures would not be as good, due to uncertainties over Swedish defence and export orders and poor profitability within the Celsius Tech System unit.

The dividend meanwhile is being lifted to SKr7 a share from SKr6.50.

## Du Pont helps Seagram post 30% advance

Seagram, the international drinks, chemicals and energy group, posted a 30 per cent gain in fourth-quarter net profit to US\$187m, or 52 cents a common share, from \$147m, or 40 cents, a year earlier, writes Robert Gibbens in Montreal.

Earnings for the year ended January 31 1995 almost doubled to \$735m, or \$1.98, from \$379m, or \$1.02, in the previous year.

Fourth-quarter revenues from the drinks business rose 12 per cent to \$2.23bn from \$1.99bn, and increased 6 per cent to \$6.4bn from \$6bn for the year.

In both periods, Seagram's net profit included dividends and equity in unremitted earnings of Du Pont, the US chemicals and energy group in which it holds a 24 per cent interest.

Seagram said the gains in the year were attributable to a record performance by Du Pont and strong wine and spirits operations worldwide.

The full-year results included special

charges equivalent to 37 cents a share. Mr Edgar Bronfman Jr, president, said the company's international premium brands continued to grow and improve market share in spite of strong competition.

The Tropicana juice business also improved overall with a 7 per cent sales gain to \$1.4bn, but profits slipped because of aggressive price competition in some products.

## Rhône-Poulenc offer for remaining ADS capital

Rhône-Poulenc, the French chemicals and pharmaceuticals group, is launching an offer to buy its remaining 70,200 participating American depositary shares, non-voting instruments with preferential dividend rights, writes John Riddling in Paris. The offer, at \$17.50 a share, will expire on April 12.

It represents the final step in buying up the shares, which were issued in 1989 as a way of raising capital without affecting the voting control of the French government.

An offer in 1993, which coincided with the partial privatisation of the French group, saw the exchange of 95.5 per cent of this category of shares. Rhône-Poulenc was fully privatised in the autumn of 1993.

## PWA plans common stock consolidation

PWA, parent of Canadian Airlines International, is offering to exchange 20 of its common shares for one new share. The aim is to reduce the total issued and bring market value to C\$9-C\$10 a share, against the current 50 cents, writes Robert Gibbens. Investors could also buy the stock on margin.

The consolidation would reduce outstanding shares to 50m from 1bn - a figure which resulted from the company's crisis during the recession and its refinancing programme. Canadian Airlines expects to return to profitability this year.

PWA also plans to change its name to Canadian Airlines Corp. It is 25 per cent held by American Airlines.

## Hellenic Bottling advances 30.2%

Hellenic Bottling Company, the Coca-Cola franchise-holder for Greece, Northern Ireland and Bulgaria, reported a 30.2 per cent rise in pre-tax profits for 1994 to Dr25.9m (\$10.2m), writes Kerin Hope in Athens.

HBC said consolidated sales last year increased by 20 per cent to Dr140bn.

Profits from Bulgaria and Northern Ireland were up by 45 per cent to Dr4.5m, helped by improved efficiency at the company's five bottling plants in Bulgaria, operated as joint ventures with local partners, and an expanding distribution network there.

HBC, which also produces fruit juices and bottled water in Greece, is expanding into beer production in Bulgaria through a joint venture with Athenian Breweries, the Heineken affiliate in Greece.

The joint venture, Brewinvest, has acquired Zagorska Brewery, which will make Heineken and other beer brands in Bulgaria, to be marketed through HBC's distribution network.

HBC is controlled by the Cypriot-owned Levendis Group, which also holds Coca-Cola franchises for Nigeria and parts of Romania and Russia.

## Cummins and Wartsila in diesel venture

Cummins Engine of the US and Wartsila Diesel International of Finland have formed a venture to produce two new diesel and natural gas engines at plants in Europe, Benter reports from Columbus, Ohio. The venture, named Cummins Wartsila Engine, will begin production of one of the engines in May.

Mr Iain Barrowman, formerly director of manufacturing for Cummins in the UK, was named president of Cummins Wartsila. The company will design and manufacture two new heavy-duty, high-speed diesel and natural gas engines aimed at the marine and auxiliary power, mining, rail, oil and gas markets.

The first new engine will range from 3,000hp to 6,000hp and will be produced in Mulhouse, France. The other, ranging from 750hp to 3,600hp, is scheduled for production in early 1997 at Daventry in the UK.

## New bond indices from BZW Australia

BZW Australia, part of the UK-based investment banking group, yesterday launched a new family of bond indices, writes Nikki Tait in Sydney. BZW claims the new indices will provide the first intra-day markers for the country's fixed interest markets, capable of being replicated by fund managers.

Existing bond market indices tend to be based on a comprehensive range of securities, but include illiquid stocks, and are re-priced fairly infrequently.

The new indices will exclude corporate and asset-backed bonds as well as those with a duration of less than one year, and will be re-priced nine times each day. The new indices will be displayed via the Bloomberg system.

CATHAY PACIFIC

## OUR NET PROFIT WAS CREDITABLE IN A DIFFICULT YEAR. WE LOOK FOR SOME IMPROVEMENT IN 1995.

Chairman, Cathay Pacific Airways Limited  
Hong Kong, 15th March 1995

## 1994 FINAL RESULTS HIGHLIGHTS

		Year ended 31 December		
		1994	1993	Change
Net Profit	US\$M	306	294	+4.1%
Shareholders' funds	US\$M	1,942	1,947	+7.2%
Earnings per share	18¢	10.7	10.3	+4.1%
Dividend per share	15¢	5.8	5.4	

Notes:  
1. The United States dollar figures above are for consolidated basis.  
2. The United States dollar figures above are for consolidated basis.  
3. Dividend is declared in Hong Kong dollars.

The Heart of Asia.

March 1995

This announcement appears as a matter of record only

## TELECOM a.s.

US\$ 150,000,000  
MULTICURRENCY CREDIT FACILITY



CREDIT LYONNAIS BANK PRAHA, a.s.

Co-Arranger



THE FUJI BANK, LIMITED

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Agent



CREDIT LYONNAIS BANK PRAHA, a.s.

## JGC CORPORATION

Issued in conjunction with  
U.S.\$100,000,000 4 1/2 per cent. Guaranteed Bonds 1995  
("U.S.\$ Bonds 1995") and  
ECU70,000,000 5 1/2 per cent. Guaranteed Bonds 1995  
("ECU Bonds 1995")

Pursuant to Clause 4 of each of the Instruments, both dated 8th August, 1991, under which the above described Warrants were issued and Condition 11 of each of the Terms and Conditions of the Warrants, we hereby notify as follows:

- The Board of Directors of JGC Corporation authorised, on 7th March, 1995, the implementation of a stock split at the rate of 0.1 new share for each one share held as of 31st March, 1995, Tokyo Time (the record date).
- Accordingly, the subscription price of the above mentioned Warrants will be adjusted pursuant to Clause 3 of each of the Instruments and Condition 7 of each of the Terms and Conditions of the Warrants, effective as of 1st April, 1995, Tokyo Time as follows:

Warrants issued in conjunction with U.S.\$ Bonds 1995:  
Subscription Price before adjustment: Yen 1,461.50  
Subscription Price after adjustment: Yen 1,328.60

Warrants issued in conjunction with ECU Bonds 1995:  
Subscription Price before adjustment: Yen 1,461.50  
Subscription Price after adjustment: Yen 1,328.60

## JGC CORPORATION

2-1, Ohtemachi 2-chome, Chiyoda-ku, Tokyo, Japan  
By: THE FUJI BANK AND TRUST COMPANY  
as Disbursement Agent (for U.S.\$ Bonds 1995  
with Warrants)  
and THE SUMITOMO BANK, LIMITED  
as Principal Paying Agent (for ECU Bonds 1995  
with Warrants)

17th March, 1995

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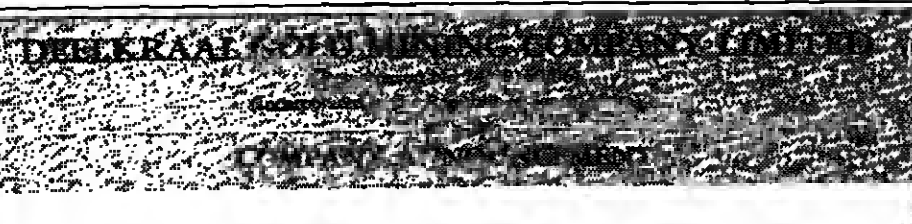
Italian Lira 350 Billion  
Floating Rate Notes  
due December 1999

## Notice to the Holders

Notice is hereby given that the Notes will carry an interest rate of 10.15% & per annum for the period 15.03.1995 to 15.06.1995.

• ITL 133,388  
per ITL 5,000,000  
• ITL 1,333,881  
per ITL 50,000,000

Luxembourg, March 17, 1995



Deelkraal is pleased to announce that normal underground operations at the mine were resumed on Tuesday night, 14 March. This follows the establishment, by all interested parties, of a forum known as the Deelkraal Interim Peace Forum. Through this forum it has been possible to restore peace and stability at the mine property following the violence that erupted last week. Rigorous endeavours are continuing to ensure that this situation is sustained.

Severo days' underground production was lost and the full financial implications have still to be established.

Johannesburg

17 March 1995



## ALCATEL ALSTHOM

### The board of Alcatel Alsthom acts to maintain management continuity of the group

The full board of directors of Alcatel Alsthom met on March 13, 1995 under the chairmanship of Ambroise Roux, honorary chairman, who was unanimously elected to chair the meeting. The board reviewed the situation created by the judge's order putting Pierre Suard, chairman and CEO, under legal restraint.

The board noted that this measure has the effect of temporarily preventing Mr Suard from exercising his normal functions as chairman and CEO. The board is deeply concerned about the severity of this action for the chairman of one of the world's largest industrial corporations.

The board takes the opportunity to publicly renew its confidence and support for Mr Suard.

The board has ensured that despite the current circumstances, and while these continue, the management of

the parent company and of the group will be efficiently undertaken. The organizational structure (the executive management committee and the restricted management committee) put in place by Mr Suard will be chaired during his absence by François de Laage de Meux, chief operating officer, who has received the appropriate delegation of authority.

The board has ensured that the management of the principal subsidiaries, Pierre Bilger for GEC Alsthom and Jozef Cornu for Alcatel, have the authority to act permanently in the interests of the shareholders, customers and personnel.

Lastly, the board has all the necessary arrangements to reconvene if the circumstances require. It will in any case meet on April 5, 1995 to finalize the accounts for 1994.

## Evergreen optimistic despite fall in earnings

By Laura Tyson in Taipei and agencies

Evergreen Marine, the Taiwanese shipping line, yesterday said decreasing capacity led to a fall in its turnover and profit in 1994, but that the outlook for 1995 was brighter.

Evergreen, the world's second biggest container shipping company, reported a decline in net profit to T\$2.57bn (US\$88m) in 1994 from T\$2.81bn a year earlier. Turnover dropped to T\$29.2bn from T\$31.5bn in 1993.

The board proposed a T\$1.0 stock dividend and 60 cents cash dividend for 1994.

Evergreen Marine sold 10 container vessels to Uniglor Marine, an affiliate of the Evergreen group, last year, reducing its own operation capacity.

Evergreen Marine now has 24 ships and the Evergreen group about 75 ships.

Evergreen Marine has said it will take delivery in 1995 of five container vessels, each with a capacity of 4,900 TEUs (twenty-foot equivalent unit) each.

Evergreen was cautious about a government plan to allow direct shipping links from Taiwan to mainland China for the first time since 1949. It said the plan was too vague.

Mr Lin Chao-shuan, minister of transportation and communications, said this week that ships would be able to sail from Taiwan's international ports of Keelung, Taichung, Keelung, Suao and Nanshan. The plan stipulates that only foreign-registered ships may sail from Taiwan to China. It also includes foreign-registered ships owned by Taiwanese.

Direct links have been banned since 1949, when the ruling Nationalist party lost the civil war in China and fled to Taiwan. Currently, trade, investment and other contacts are routed through third territories, such as Hong Kong.

## Ayala Land profits advance 62%

By Edward Luce in Manila

Ayala Land, the Philippines' largest property developer, boosted net profits in 1994 to 2.18bn pesos (\$83m), an increase of 62 per cent over the previous year's earnings.

Benefiting from a buoyant property market, Ayala Land, which is a 60 per cent owned subsidiary of Ayala Corp, the Philippines' largest holding company, increased its consolidated revenues last year by 56 per cent to 8bn pesos.

Stockholders' equity rose by 21 per cent in 1994 to 11.5bn pesos on the back of the company's improved performance.

Ayala Land's B shares closed at 30 pesos yesterday, slightly up from the previous day.

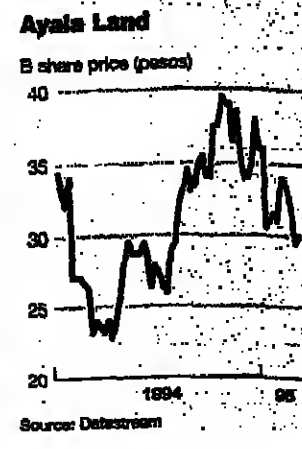
The real estate company, which owns swaths of Makati and Ortigas, Manila's two business districts, sold 3.6m pesos of land last year, making up 45 per cent of revenues.

Rentals from newly opened shopping malls, including the Ayala Center in Makati, grew by 28 per cent to 1.3bn pesos.

Residential and condominium sales generated 1.1bn pesos.

In spite of coming second to Metro Pacific earlier this year in the bidding for the country's largest land sale at Fort Bonifacio, a 214 hectare site adjacent to Makati, Ayala Land expects earnings to continue rising in 1995 to comfortably exceed the 6.5 per cent growth in gross national product forecast for the Philippines economy.

The company's assets were recently evaluated at 24bn pesos.



## Miners fall on Irian Jaya's riches

Freeport chooses RTZ as partner in Indonesia, writes Kenneth Gooding

High in the rugged mountains of Indonesia's Irian Jaya province, in some of the most inhospitable terrain on earth, lies one of the world's great mineral deposits.

Its 13m reserves of copper are the world's fourth largest, and the reserves of gold, at 40m troy ounces, are second only to those of the phenomenal Sukhoi Log in Siberia.

These riches, and a surrounding prospective area the size of Switzerland that is as yet virtually unexplored, are ultimately owned by Freeport McMoRan, the US resources group.

As the potential of Freeport's Indonesian operations gradually became clear, anxious rival mining groups started to knock at the door, asking for some of the action.

That clamour will now cease. Freeport has invited RTZ Corporation, the world's biggest mining company, into the Indonesian project on terms that effectively shut out every other group.

RTZ is to pay between \$450m and \$670m for a substantial interest in Freeport's Copper & Gold, the subsidiary that owns 86 per cent of the Indonesian mine. The UK group also gains the right to invest up to \$550m in exploration and development projects on the surrounding land.

Freeport's decision to let RTZ in has more to do with its need for cash than anything else. However, apart from a strong balance sheet, RTZ also brings with it vast experience in large open-pit copper ore bodies such as Bingham Canyon in Utah, Palabora in South Africa and Escondido in Chile, that might well be useful in Freeport's mine growth into one of the largest man-made holes in the world.

The US company's urgent requirement for cash stems from its remarkable good fortune to find not one but two massive natural resource deposits.

Freeport has been in Indonesia for 20 years, the first foreign company to invest in the country under President Suharto's new government and long before the merger with McMoRan. It was attracted by the Ertsberg mountain which had a huge outcrop of copper.

It took extraordinary vision, millions of dollars and an incredible feat of engineering to build the Ertsberg mine, which eventually went into



James Moffett revised plan after restructuring go-ahead

production in 1972.

To reach the copper Freeport built a 104km road from the swamp lands on the totally undeveloped southern Irian coast up into the glacier capped mountains. It built a town, Tembagapura, some 2,500 metres above sea level to provide homes for 7,400 mine employees.

A mill was constructed and the longest single-span aerial tramway in the world was built to connect it with the mine site.

A 115km slurry pipe was laid

around Grasberg over which Freeport has exclusive mineral rights.

"This deposit [Grasberg] is an oasis of what may be in the rest of the mountainside there. It's like the first big [oil] discovery in the North Sea or the first big discovery in the Gulf of Mexico."

It was in the Gulf of Mexico, on the doorstep of Freeport's headquarters in New Orleans, that the group made its other important find - Main Pass, the first sulphur deposit discovered in 25 years and the

Amex, another big US copper producer) Mr Moffett approached RTZ, suggesting the UK group take a stake in the exploration area. In Indonesia, Mr Bob Wilson, RTZ chief executive, said he would prefer also to have an interest in the production operations. Mr Moffett came back with a revised plan in November - which will enable RTZ to share in any future expansion of the existing mine - after the US authorities had given the go-ahead for a restructuring of Freeport McMoRan.

The RTZ deal, announced on March 8, will involve the UK group providing at least \$450m cash and will provide Freeport McMoRan with the necessary funds to complete the refinancing of its liabilities and remove the last obstacle to completion of the restructuring.

And, as Mr Moffett points out, "RTZ's funding of future expansion at the Indonesian operations will free substantial cash flow to be generated by the present expansion programme."

Mr Wilson says that the most likely outcome of the complex arrangements is that RTZ will pay \$550m for 12.2 per cent of Freeport Copper & Gold. RTZ will have representatives on the Freeport Copper board and on an operating committee, and the two companies will set up a joint Indonesian exploration company. RTZ will have 40 per cent of the company but fund the first \$100m of expenditure.

If the Grasberg mine is further expanded, RTZ will have a 40 per cent share and provide all the funds required, up to \$750m.

Mr Wilson has frequently emphasised that RTZ's main strategic objective is to acquire interests in low-cost, long-life, world class mineral deposits.

In copper, it owns Bingham Canyon and has a 30 per cent stake in Escondido, the world's largest copper mine. While RTZ prefers to own and operate its assets, the deal with Freeport is in line with the group's strategy.

He says: "RTZ's strategic objective is to have a stake in the best minerals resources in the world - and this is one of them. This is an important deal for RTZ. It might turn out to be one of the best we have ever done. We will now speed up exploration and hope to find the extra reserves we will need to expand production at Grasberg again."

### Freeport's decision to let RTZ in has more to do with its need for cash than anything else

## Suzuki Motor backs Santana production

Suzuki Motor said it would continue production at Santana Motor's plant in spite of giving up its stake in the Spanish carmaker, after reports from Tokyo. "Production at Santana is important to our European sales," a spokesman for Japan's top mini-car maker said.

On Wednesday, Andalucia's regional government said it had taken control of Suzuki's 63.7 per cent stake. A government spokesman said this temporary move was designed to protect the public interest and that of Santana. She said the government was negotiating with several groups to ensure a future for the company.

Suzuki, in which General Motors of the US has a 3.3 per cent stake, will continue to supply technical assistance and components to Santana for five years at least.

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It took extraordinary vision, millions of dollars and an incredible feat of engineering to build the Ertsberg mine, which eventually went into

## COMPAGNIE FINANCIERE OTTOMANE SA Annual General Meeting 1995

### NOTICE OF MEETING

The annual general meeting for the year 1995 of Compagnie Financière Ottomane SA will be held on Wednesday 17 May 1995 at 11.30 am at the Hotel Le Royal, 12 boulevard Royal, Luxembourg to transact the following business:

1. To receive the report and adopt the audited accounts for the year ended 31 December 1994.
2. To approve the proposed distributions.
3. To discharge the directors and auditors.
4. To re-elect Monsieur Hubert de Saint-Amand and Mr A K Stewart-Roberts as directors.
5. To appoint Monsieur Hervé Pinet as a director.
6. To reappoint Deloitte & Touche as auditors and authorise the directors to determine their remuneration.

Monsieur J Winandy, Secrétaire Général  
Compagnie Financière Ottomane SA  
23 Avenue de la Porte-Neuve  
L-2227 LUXEMBOURG

**Notes**

To attend the general meeting, holders of bearer shares must deposit their shares at least 10 days before the date fixed for the meeting:

- In Luxembourg at the head office of the company at the above address.
- In London, at Ottomane Financial Services, King William House, 2A Eastcheap, London EC3M 1AA
- In France, where shares are deposited with SICOVAM, shareholders must advise the blocking of their shares through their deposit agent either to Banque Paribas, 3 rue d'Antony, 75002 Paris or to Compagnie Financière Ottomane, 7 rue Meyerbeer, 75009 Paris.

The report and the accounts which will be presented to the general meeting are available to the shareholders at the head office in Luxembourg and at the offices in London and Paris.

17 March 1995

## NOTICE TO THE HOLDERS OF WARRANTS TO SUBSCRIBE FOR SHARES OF COMMON STOCK OF MEITEC CORPORATION

issued in conjunction with  
U.S.\$110,000,000  
4 1/2 per cent. Guaranteed Notes due 1995

Pursuant to Clause 4 of the Instrument dated 8th August, 1991 under which the above described Warrants were issued and Condition II of the Terms and Conditions of the Warrants, we hereby notify as follows:

1. Meitec Corporation has made an issuance of Yen 5,000,000,000 3 3/8% Convertible Bonds due 2004 in Japan on 15th March, 1995 (Japan time) at the initial conversion price of Yen 1,394 per share which is less than the current market price of the share of Yen 1,679.00 calculated as provided in the Instrument.
2. As a result of such issuance, the Subscription Price in respect of the above mentioned Warrants has been adjusted pursuant to Clause 3 of the Instrument and Condition 7 of the Terms and Conditions of the Warrants, effective as of 15th March, 1995 (Japan time), as follows:

Subscription Price before adjustment Yen 4,143.30  
Subscription Price after adjustment Yen 4,042.90

MEITEC CORPORATION  
By: The Mitsubishi Bank, Limited  
as Principal Paying Agent

17th March, 1995

## RPS Residential Property Securities No.3 PLC

\$25,000,000  
Class A1 Notes  
Mortgage Backed Floating  
Rate Notes due 2025

Notice is hereby given that there will be a principal payment of £7,687 per £100 of the Notes on the interest payment date 29th March 1995. The principal amount outstanding on 29th March 1995 will therefore be £45,313 per Note.

By: The Overseas Chinese Bank, Ltd.  
100, Queen's Road, Hong Kong

**COMPAGNIE FINANCIERE OTTOMANE SA**  
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MEITEC CORPORATION  
By: The Mitsubishi Bank, Limited  
as Principal Paying Agent

17th March, 1995

## Optus doubt over float date

By Nikkai Tait in Sydney

Optus, the Australian telecommunications group which was set up in competition to the federal government-owned Telecom in 1992, said yesterday that it did not view the flotation of a portion of its equity on the Australian stock market as feasible in mid-1995.

The company is currently owned by a mixture of institutional and corporate investors, including Cable & Wireless of the UK, and last year appointed County

NetWest Securities to advise on the flotation.

It had never set a date for a stock market launch, but the mid-1995 timing had been widely mooted and not discouraged.

However, Mr Bob Mansfield, Optus chief executive, said yesterday that "mid-1995 is certainly not practical" for a stock market launch.

He did not rule out the possibility of coming to the market later in the year, and emphasised that the company would definitely list its shares at some stage.

Optus indicated that one of

the considerations bearing on the float timing would be the status of its Optus Vision joint venture.

This is an ambitious project to lay a national cable network across Australia, which could then be used both for the delivery of pay-TV and local telephony services.

At the moment, however, Optus Vision is at the fledgling stage. "The question is, is it smarter to have Optus Vision a bit more in existence before the float?" - and that, Mr Mansfield said, is one of the questions the board is grappling with.

## Murdoch to launch Asian satellite radio service

Star Radio, Mr Rupert Murdoch's Asian satellite radio service - described as a computer-produced "middle of the road" music with no egos and no news - will begin broadcasting on March 30, Renter reports from Hong Kong.

The station, a sister of pan-Asian broadcaster Star TV which is 64 per cent owned by Mr Murdoch's News Corp, will start with a Mandarin Chinese service over north Asia and an English service over south Asia and the Middle East. It will in effect be wholesale music programming that radio

stations can rebroadcast around their own format, and will initially draw revenue from advertising.

"The decision not to include news follows problems with the TV station last year. Star TV added BBC World Service Television from its broadcasts over north Asia because, as Mr Murdoch eventually admitted, they offended China. Star TV this year is adding less sensitive business news to its line-up."

Star Radio will use spare capacity on AsiaSat not used by Star TV's music channel.

## HMC FINANCING 3 PLC

Class A  
Mortgage Backed Floating Rate  
Notes due December 2018

For the Interest Period from March 15, 1995 to June 15, 1995 the Note Rate has been determined at 7.1% per annum. The interest payable on the relevant interest payment date, June 15, 1995 will be £285.42 per £25,506.49 nominal amount.

By: The Chase Manhattan Bank, N.A.  
London, Agent Bank  
March 17, 1995

To Advise Your  
Legal Notices  
Please contact  
Tina McGovern  
Tel: 444 171 875 4842  
Fax: 444 171 875 3062

## INTERNATIONAL DEPOSITARY RECEIPTS

REPRESENTING SHARES PAR VALUE VALUE \$ 250  
COMMON STOCK  
J.P. MORGAN AND CO INCORPORATED

A cash distribution of £ 0.75 per depositary share will be payable on or after the 21st April 1995 upon presentation of coupon No. 100 to:

Morgan Guaranty Trust Company of New York  
35 Avenue Des Arts  
1040 Brussels

Banque Internationale Luxembourg  
2 Boulevard Royal  
L-2553, Luxembourg

At the designated rate less applicable taxes.

This distribution is in respect of the regular quarterly dividend payable on the common shares P.V. \$ 250 J.P. Morgan & Co. Incorporated on 14 April 1995.

## BANCA DI ROMA

NOTICE TO THE HOLDERS OF A WARRANTS AND 8 WARRANTS ORIGINATING FROM MEDIOBANCA INTERNATIONAL 1991-1996 BONDS WITH BANCA DI ROMA (formerly Banco di Santo Spirito) WARRANTS.

The Board of Directors of Banca di Roma has convened an ordinary shareholders General Meeting for the 26th April 1995 as a first convening, and, if necessary, for the 23rd April 1996 as a second convening to approve, among other items, the 1994 Balance Sheet. Consequently, in accordance with article 3 (C) of terms and conditions of the Warrants and with article 3 (C) of terms and conditions of the 8 warrants governing Banca di Roma (formerly Banco di Santo Spirito) warrants request to exercise said warrants may not be presented during the period between the 24th March 1995 and the day after the date on which the meeting takes place, or, if applicable, the day following the payment of any dividends, the distribution of which may have been resolved by that Meeting.

The Chairman  
Pallegrino Capaldo

BANCA DI ROMA Registered Office in Rome, Via Marco Minghetti, 17  
Paid up Capital Lit. 1,575 billion - Reserves Lit. 8,613 billion



## COMPANY NEWS: UK

US acquisition disappointed with fall in profits to \$106m

## Reckitt &amp; Colman lower

By Roderick Oram

Reckitt & Colman announced a drop in pre-tax profits for 1994 from \$256.9m to \$160.2m after exceptional items. It eked out a slight increase in sales and profits from its household product, toiletries and over-the-counter drugs last year and warned yesterday that conditions would be equally tough this year.

It pinned its hopes on deriving the first benefits from L&F Household, the US household product group it bought from Eastman Kodak at the end of last year for \$1.1bn. L&F's profits slipped from \$119m last year to \$106m (\$86.4m). The

integration will take time, as will the restructuring of its continental Europe operations. Emerging markets, particularly Brazil, South Africa and several countries in south east Asia brought the fastest growth, while Europe and North America languished.

Group operating profits before exceptional reorganisation costs were \$308.4m (\$305.5m). Within that, household products and toiletries profits were \$198m with underlying growth of 3 per cent. Sales were up 1 per cent at \$1.43bn. The group is intensifying product innovation and speedier roll-outs of products across markets. Pharmaceutical

operating profits were \$53m, showing an underlying decline of 12 per cent. Sales at \$220m enjoyed underlying growth of 8 per cent.

This year will see further development of key brands and new markets particularly in emerging markets where Detroit, for example, is a fast growing brand.

Food profits were up 6 per cent at \$45m on sales of \$365m, up 2 per cent. The upturn came in US operations which the group will retain despite the UK food sale. The US operation The group proposed a final dividend of 11.5p (11.1p). With a bonus from the rights issue, shareholders will receive a

total of 18.75p (17.55p). Earnings per share were 21.52p (43.96p) including exceptional and 44.97p (42.63p) fully diluted without them.

● Sir Michael Colman, whose name means mustard, is to step down as chairman of Reckitt & Colman, ending his family's seven-generation, 162-year connection with the con-

ditionment. "It is the end of an epoch both for the business and the family", he said yesterday as he introduced his successor: Mr Alan Dalby, a Glaswegian-born, North American-trained veteran of the pharmaceutical industry who takes over in August.

## Saatchi stunt fails to impress holders

By Diane Summers, Marketing Correspondent

The lights dimmed, an amplified Gregorian chant filled the room, and shareholders looked on nervously. Was the ghost of former chairman Mr Maurice Saatchi about to enter? Or was it perhaps his adversary, Mr David Herro, beaming across from Chicago to Saatchi & Saatchi's extraordinary meeting in London?

A few seconds later the suspense was over as the board carrying the Saatchi & Saatchi name, positioned over the directors' heads, unfolded to reveal the holding company's new name: Cordiant.

The stunt came after a positive vote by shareholders in favour of the name change.

Not that all the beleaguered small shareholders present were wholehearted about the transformation. "It sounds like a vacuum cleaner business," observed one. Another couldn't understand why the company seemed asbated these days to be called Saatchi & Saatchi.

Mr Charlie Scott, chief executive and acting chairman, patiently explained that the sharing of the Saatchi name by the holding company and the advertising agency subsidiary caused confusion and consternation - not least in his own household. Indeed, his baby daughter had been sick all over him just as the radio was announcing that a woman called Jennifer Laing had landed his job (she is the new chairman of the Saatchi advertising subsidiary in London).

Then came the vote on a series of performance-related pay packages. No problems there. Then came the moment small shareholders had really looked forward to: the chance to make directors squirm about the onsting of Mr Maurice Saatchi in December. The floor seemed divided on whether it had been a good thing or a bad thing.

The strongest sentiment was that lawyers should not be allowed to gobble up millions through legal action against Maurice Saatchi.

## LEX COMMENT

## Legal &amp; General

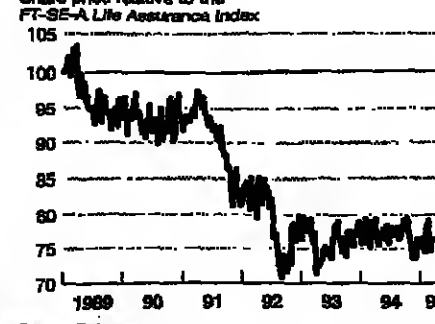
Legal & General's shares have outperformed the market by 11 per cent this year. Yesterday they ran ahead of the market again as investors snapped their lips at the prospect that L&G might be allowed greater flexibility in transferring surplus life funds to shareholder accounts. If the Department of Trade and Industry permits the move, then the additional cash could help L&G's progressive dividend policy become even more munificent.

However, shareholders should not confuse flexibility with generosity: the DTI may sanction the transfer, but L&G is under no obligation to distribute the cash. Management concedes profitability in general insurance has peaked. Meanwhile, life assurance looks decidedly dull. The industry is still struggling to write new or profitable business.

L&G may need the money so it can participate in the life assurance industry's rationalisation. There remain 100 active life companies in the UK. Such fragmentation was sustainable when margins were fat, but a combination of recession and new disclosure regulations have squeezed margins. Mutual funds and overseas companies' subsidiaries look the

## Legal &amp; General

Share price relative to the FT-SE-100 Life Assurance Index



most promising targets. The sector has poor growth prospects and L&G itself has damped down speculation about the likelihood of a dividend bonanza. The stock's estimated 15 per cent discount to "embedded value" - a way of recognising the value of policies already written - suggests the shares are fully valued.

## FKI makes \$64.4m acquisition

By Tim Burt

FKI, the electrical engineering and components group, is expanding in North America with the \$64.4m (\$40.3m) acquisition of Amdura, the US lifting equipment manufacturer.

Shares in FKI rose 4p to 142p yesterday after it said the deal would enhance its existing materials-handling business, which already produces chain and lifting equipment.

The move follows two months of talks with Delaware-based Amdura, the parent

company of Crosby Group and Harris Waste Management, which has agreed a \$2.30 a share offer from FKI.

The integration of Crosby - claimed to be the world's leading manufacturer of forged lifting blocks - and Harris, the largest producer of shears and balers for the scrap metal business, will tip the balance within FKI further towards its North American operations. Last year, the group derived more than half its \$60.4m operating profits from such US subsidiaries.

Investors holding 66.5 per cent of Amdura have already accepted the offer,

and FKI said it would launch a restructuring aimed at doubling margins at Crosby and Harris once the deal was completed.

"Cost reductions, productivity improvements and increased prices will be used to raise margins to the 10 per cent level achieved elsewhere in materials handling," it added.

Last year Amdura reported pre-exceptional operating profits of \$7.2m (\$4.6m) on sales of \$144.8m (\$90.5m).

The group is funding the deal with debt, which is expected to push net borrowings close to £100m.

## RESULTS

	Turnover (£m)	Pre-tax profit (£m)	EPS (p)	Current dividend (p)	Date of payment	Dividends corresponding dividend	Total for year	Total last year
Amalgamated	Yr to Dec 31	90.6 (86.7)	38.3 (23.1)	21.2 (14.7)	3.55p	June 15	5	4.2
British Nuclear	Yr to Dec 31	48.5 (39.3)	3.12 (1.47)	15.47 (7.29)	7.8	May 22	7.1	8.5
Davis Services	Yr to Dec 31	322.2 (280)	25.4 (21.8)	16.96 (15.49)	5.63	-	5.25	7.96
Dovergroup	Yr to Dec 31	61.3 (53.3)	11.2 (7.92)	24.2 (17.3)	3.7	June 23	3	4.5
Ena	Yr to Dec 31	74.6 (74.3)	1.31 (0.83)	1.36 (1.3)	nil	nil	nil	nil
Grain (East)	13 mths to Jan 31	2.75 (-)	0.2966 (0.224)	0.13 (0.79)	1.2	May 4	2.75	-
Grain (East) S	6 mths to Dec 31	4.15 (3.86)	0.322 (0.297)	1.3 (1.9)	2.4	May 4	2.3	3.8
Kwik-Fit	Yr to Feb 28	297.5 (260.1)	29.3 (25.4)	11.89 (10.38)	2.7	May 8	2.3	4.4
Legal & General	Yr to Dec 31	- (-)	164.9 (181)	22.68 (30.53)	14.75	June 1	13.6	20.1
Mountbatten Estates S	Yr to Dec 31	6.76 (4.92)	1.26 (0.494)	2.13 (2.86)	0.5	April 27	nil	1
OGC Int	Yr to Dec 31	269.6 (217.1)	12.9 (11.2)	13.95 (11.98)	3.9	June 14	3.5	5.25
Packer	6 mths to Nov 30	19.24 (15.84)	1.05 (0.86)	75.1 (62.2)	8	Apr 24	8	2
Reckitt & Colman	Yr to Dec 31	2,079 (2,096)	160.24 (256.9)	21.32 (43.95)	11.8	July 6	11.1	18.75
Sanderson Brumell	Yr to Dec 31	413.4 (223.1)	8.44 (3.77)	19.27 (10.08)	2.3	May 1	1.74	3.5
Shirer	6 mths to Dec 31	30.9 (27.6)	3.01 (2.81)	3.62 (3.41)	1.79	May 8	1.72	2.5
Spandee S	Yr to Dec 31	88.66 (69.15)	7.1 (5.45)	14.3 (10.7)	1.75	July 14	1.633	2.333
Telewest	Yr to Dec 31	79 (40.3)	65.2 (35.1)	11 (1)	22.5	July 14	22.5	39
Timothy Douglas	Yr to Dec 31	406.3 (381.3)	15.2 (20.9)	30.2 (46.2)	9.8	July 3	9.8	15.3
United Discs	Yr to Dec 31	3,430 (3,445)	133.64 (116.7)	16.7 (12.8)	9.8	July 3	9.8	15.3
Victrola	Yr to Dec 31	8.58 (5.27)	7.41 (0.369)	5.31 (1.7)	-	May 18	2.2	-
Wetherby	6 mths to Jan 31	31.6 (20.6)	4.76 (2.62)	12.4 (8.2)	2.75	May 18	2.2	6.6

Dividends shown net. Figures in brackets are for corresponding period. 10m increased capital. After exceptional charge. Water exceptional credit. S&S stock. \*Equivalent after allowing for 20p issue. †Rate 4.2; comparable for 12 months. □ Pro forma. \*As July 31. \*For 4% month.

## TeleWest considers move into mobile telecommunications

By Alan Cane

TeleWest Communications, the first cable television company to achieve a full UK stock exchange listing, almost doubled its net losses to \$66.1m (\$106.8m) last year.

The deficit, however, was halved with expectations and subscriber numbers improved in 1994.

Shares in TeleWest, which floated at 182p in November, moved up 4p to 176p yesterday.

The company, owned by TeleCommunications Inc, the largest cable television operator in the US, and by US West, said it was considering a move into mobile telecommunications. UK cable companies are unusual in being able to offer both telephony and entertainment over their networks.

TeleWest experienced a 47.1 per cent "churn" rate among

television subscribers in 1994, significantly higher than the 39.1 per cent recorded in 1993 and above the industry average. Churn is the ratio of total subscribers disconnected for whatever reason to the average number of subscribers.

Turnover from continuing operations amounted to \$71.7m (\$40.3m), a 79 per cent improvement. Operating losses rose to \$48.9m from \$28.4m. No dividend will be paid.

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## Asprey issues trading update

By Peter Pearce

Asprey, the exclusive jewellery retailer, was forced to issue a trading update yesterday in response to Wednesday's 16p share price fall to 68p, its lowest point for almost 10 years.

The group announced that profits before provisions and tax for the second half of the year to March 31 were likely to be similar to the first-half's \$3.01m (\$4.93m) and that stock

levels had reduced slightly from the September 30 figure of £147m.

Mr Naim Attallah, chief executive, acknowledged he was worried by the decline in the shares: "It is destabilising and gives the wrong impression of the group."

Prior to the warning on September 9 that first-half profits would fall from £12.2m, the shares stood at 310p. That day they tumbled 110p. The interim announcement prompted a

mere 3p fall to 141p, but the slide has continued since.

Mr Attallah maintained that last week a long-term holder offered 2.4m shares for sale "in a thin market". Wednesday's 16p fall, he said, was on a "mere" 170,000 shares sold.

He said that though the share position was psychologically bad for everybody, "no amount of pressure will force the Asprey family [which holds more than half the shares] to sell".

## Committed to Specialist Banking

<b>Ayleford Newspaper</b> Banking adviser to Ayleford Newspaper Limited on £10 million of limited preference finance facilities together with a £50 million EIB loan facility	 Arranger of a £100 million seven year revolving credit facility for Christian Salvesen PLC	<b>EURO DISNEY S.C.A.</b> Banking adviser to Euro Disney S.C.A. on its FF22 billion financial restructuring	 Banking adviser to Gencor Limited on US\$600 million of non-recourse acquisition financing	 Banking adviser to Lloyds International Group plc on its £267 million financial restructuring	 Banking adviser to National Home Loans Corporation PLC on its £210 million financial restructuring	<b>Norcen</b> Arranger of a US\$130 million seven year amortising term loan for Norcen Energy Resources Limited
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COMPANY NEWS: UK

# Overseas markets help United Biscuits advance

By Roderick Oram, Consumer Industries Editor

Recent price increases for biscuits in the UK and US signalled a positive shift in retailers' attitudes. United Biscuits said yesterday as it announced profits weakened by rising costs and falling prices.

"A change in the industry's mind set" has taken place, Mr Eric Nicoli, the chairman, said. Prices of many McVitie's biscuits in the UK are already up by 5 per cent this year while the US industry has seen similar rises. Further increases could come but they are unlikely to fully compensate for rising raw material costs.

Pre-tax profits for 1994 were £133.8m (£116.7m) after restructuring costs in both

years. Pre-exceptional profits fell to £178.7m (£181.8m) however. For the fourth year running, the group held the dividend at 15.3p.

Much of the damage was inflicted in the UK. McVitie's operating profits fell 17 per cent to £68.7m on sales down 1 per cent at £811m.

KP, the crisp and snacks business, suffered a 16 per cent fall in UK profits to £29.7m on sales up 1 per cent at £400m.

Biscuits were better on the Continent with operating profit up 27 per cent to £23.8m but snack profits fell 38 per cent to £7.5m because of a serious setback in Spain where prices fell 30 per cent.

One of the few bright spots was the first signs of recovery at Keebler, the US operations

which are still in the middle of a heavy restructuring.

Keebler's sales were down 6 per cent at £1.12bn out of flat group sales of £3.43bn. Keebler's volumes rose 2 per cent in a market up 1 per cent.

Keebler, which is a distant number two to Nabisco in the US cookie market and an also-ran to PepsiCo in snacks, is completely revamping its sales and distribution system. The full benefits will not flow through until 1997, however.

Asia Pacific also performed well. The main contribution came from Australia where UB's Smith's Snackfood Company has a 56 per cent market share.

Further expansion is under way in China, Indonesia and Japan.

# Flemings expands in South Africa

By Norma Cohen, Investments Correspondent

Flemings, the UK-based investment bank, yesterday announced it had agreed in principle to take a 50 per cent stake in Martin and Co, South Africa's largest stockbroker, as part of its plan to build a regional investment bank there.

"Our ambition is to build a full-service investment banking operation," said Mr John Manser, chief executive of Flemings. The venture will follow the model used by Fleming in its highly successful Jardine Fleming operation in Hong Kong.

The remaining 50 per cent of Martin and Co is owned by its partners. In addition to stockbroking and research services, Martin and Co also invests funds for private clients.

The advent of multi-racial elections in South Africa last year, coupled with currency deregulation and plans to deregulate the domestic stock markets have spurred American and European institutions to set up operations there.

As of November this year, "Big Bang" deregulation will allow firms to become "dual capacity", both executing orders for clients and trading for their own account. Also, foreign-owned stockbrokers will be allowed to become members of the domestic exchange.

Recently, investment banks SG Warburg and Smith New Court have announced purchases of stakes in South African brokers.

Meanwhile, South African brokers have been eager to seek partners in the expectation that Big Bang deregulation will require them to have a larger capital base.

Terms of the acquisition are not disclosed and completion is subject to the approval of the Reserve Bank. Fleming has operated a joint venture in South Africa with Martin and Co for the past four years.

Mr Manser said the firm would like to build an investment banking presence in all of sub-Saharan Africa.

£9.1bn takeover declared unconditional after US FTC consent

# Glaxo Wellcome merger talks

By Daniel Green

Directors of Glaxo and Wellcome began talks yesterday on integrating the two companies after Glaxo's £9.1bn (\$14.9bn) takeover, the largest in UK corporate history, was declared unconditional as the US Federal Trade Commission gave its consent.

Teams led by Sir Richard Sykes, Glaxo's chief executive, Mr John Robb, Wellcome's chairman and chief executive, and divisional directors, met in the UK, the US and other

large markets.

Talks ranged across the companies' activities from research and development through to marketing and headquarters functions.

The first decisions are expected early next week. They will involve the fate of senior Wellcome personnel such as Mr Robb and Mr David Barry, director of research and development.

Glaxo described the first phase of talks as "information gathering". It added: "A design and decision-making phase will

follow, leading some months from now, into a staged programme of implementation."

The most obvious areas of possible integration are:

- the US headquarters operations which are both in North Carolina;
- duplicated research and development functions in the UK, where the two companies have four sites between them in the south-east of England;
- overlapping sales and marketing teams in the anti-infectives area.

Glaxo has three antibiotics

with combined sales in the six months to December 31 1994 of \$429m. Wellcome's biggest drug is an antiviral, Zovirax, which had sales last year of \$285m.

Decisions will also have to be made on the management and resources given to research and development by Glaxo Wellcome, as the new company will be called, in migraine. Both the European Union and US competition authorities have insisted that Glaxo Wellcome should license out one migraine drug.

# German buy for Courtaulds

By Motoko Rich

Courtaulds, the chemicals and fibres group yesterday announced the acquisition of Mehnert & Veck, a privately owned German coil coatings manufacturer by Courtaulds Nippon Paint, its joint venture with Nippon Paint of Japan.

The acquisition will more than double the sales of Courtaulds Nippon Paint, which is already a leading supplier in the UK.

Coil coatings - which is used for coating metal - is an expanding sector of the paints market, with growth in Europe about 6 per cent a year over the last 10 years.

Courtaulds would not disclose how much it had paid for Mehnert & Veck, which supplies coil coatings, automotive coatings and packaging coatings in Europe. It said the acquisition was debt free and for cash.

One analyst said he doubted the joint venture would have paid more than two-thirds of Mehnert's turnover, which was £27.7m in 1994. Net assets were £4.7m.

# High copper prices lift Antofagasta

By Kenneth Gooding, Mining Correspondent

Higher international copper prices and profits from disposals helped to boost the 1994 pre-tax profits of Antofagasta Holdings, the UK-listed Chilean mining, banking, rail and waste distribution group, by nearly 66 per cent.

Pre-tax profits increased from £22.1m to £36.3m, on turnover of £90.6m (£86.7m).

Mr Philip Adeane, managing director, said the 1995 outlook for metal prices, including that of copper, appeared favourable and, when coupled with an expected increase in copper output from 58,000 to 77,000 tonnes, would benefit the mining operations. The output increase would come from the Los Pelambres mine where Antofagasta increased its shareholding last September from 20 to 65 per cent.

A decision about whether Los Pelambres should be expanded would be taken this year, Mr Adeane said.

From April onwards freight revenues would benefit from the railway company's new contract with the Zaldívar

mine. Last month Antofagasta signed a 12-year freight contract with the El Abra mine, which is expected to increase the railway company's turnover by \$15m (£9.3m) a year from 1996. Freight turnover for 1994 was \$24m.

Also last month the group sold part of its stake in VTR Inversiones, a telecommunications company, to Southwestern Bell.

The stake cost \$1m and the sale produced a net profit of \$21.7m. Antofagasta's holding in VTR is now 14.5 per cent and future income will be taken on a dividend received basis.

Profits from disposals in 1994 totalled £16.4m, up from £9.1m the previous year. Mr Adeane said Antofagasta was finding that it could acquire investments at reasonable prices, build them up and then sell them at a huge profit.

In November the group sold its interest in Endesa, Chile's biggest electricity generator, acquired in 1993 for a net profit of £10.3m, for a net profit of £14.5m. In September it sold its interest in Minera Rio Pardo, a gold mine in Argentina, for a net profit of £1.9m.

# When in Rome... or Paris

Barclays has suffered a setback in France, reports Andrew Jack

Barclays Bank may be regretting one outcome of its strategy of "going native" in developing operations in France over the past few years.

As its French confrères unveil their gloomy 1994 figures, Barclays has shown it is no different, revealing heavy losses, restructuring plans and the same root cause: the continuing depressed performance of its commercial property portfolio.

No separate accounts are available for Barclays in France, but the bank admitted to losses of \$110m on its European operations hidden behind the global pre-tax profits of \$1.86bn unveiled by Mr Martin Taylor, chief executive, in London last week.

About £100m is believed to be related simply to France - a performance which Mr Taylor admitted was unsatisfactory.

It comes on top of substantial provisions over the past two years, and is not over yet. He says further restructuring-related losses in the country are expected in the 1995 results.

While a number of its British competitors, such as National Westminster and Midland, have been withdrawing from retail banking operations on mainland Europe, Barclays has taken an increasingly aggressive role in France, alongside similar activity in countries such as Spain and Portugal.



Its profile rose substantially in the past two years as it ambitiously doubled the number of branches to 82, all in the eye-catching turquoise corporate colours. It also incurred the wrath of the French banking establishment with a hard-sell advertising campaign publicising interest-paying accounts.

Yet it rejects criticisms about the costs of these exercises. It stresses that its retail banking activities rest at break-even. It says it has no plans to cut the number of agencies, although it is not currently interested in increasing the number further, either.

At the same time, it says that its strategy has paid off. The number of new personal customers' accounts rose by 15 per cent in the past year, and commissions increased by 28 per cent while the market dropped 17 per cent. Net banking income rose 1.1 per cent.

By contrast, Barclays' property portfolio in France - believed to total FF2.1bn (£250m) - is now 64 per cent covered by provisions.

Now, radically, it has decided to withdraw from the property sector, and expects to have disposed of all related

assets over the next year.

The company is also paring down its lending to small and medium-size business outside Paris. Between the cuts in these two divisions, there is likely to be a noticeable reduction in its total workforce of 2,300 and some closure and reorganisation of agencies.

At the same time, Barclays stresses that large corporate and all investment banking activities, which are handled through its BZW arm, will remain unaffected. This reflects Mr Taylor's presentation in London that it would be concentrating on personal and investment banking in the future.

It sounds a familiar picture in France. Last week, Spie Batignolles, the construction and civil engineering company controlled by Groupe Schneider, warned of substantial additional property losses in the 1994 results.

Two weeks ago, Suez, the flagship French financial and industrial holding company, unveiled losses of FF4.7bn triggered by FF7.6bn in additional property provisions and plans to withdraw from the sector.

Barclays must be hoping that its own restructuring over the next few months will prove at least as effective as those undertaken by its French domestic competitors.

This advertisement is issued in compliance with the requirements of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited (the "London Stock Exchange"). It does not constitute an invitation to the public to subscribe for, or purchase, any securities in Investors Capital Trust PLC (the "Company"). Application has been made to the London Stock Exchange for all of the warrants of the Company ("Warrants") now being issued to be admitted to the Official List. It is expected that admission of the Warrants will become effective, and that dealings in the Warrants will commence, on Friday, 17th March 1995.

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Investors Capital Trust PLC is a listed investment trust which aims to achieve a total return in excess of the FT-SE Actuaries 350 Index by investing in a diversified portfolio of high quality UK equities and equity-related securities.

The Warrants are constituted by a warrant instrument executed by the Company on 24th November 1994 (the "Warrant Instrument"). Details of the Warrants were contained in the document dated 28th November 1994 which was approved by the London Stock Exchange as listing particulars relating to the Company (the "Listing Particulars"). Copies of the Warrant Instrument and the Listing Particulars will be available for inspection during normal business hours on any weekday (Saturdays and public holidays excepted) up to and including Thursday, 30th March 1995 at:

Investors Capital Trust PLC  
One Charlotte Square  
Edinburgh EH2 4DZ

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17th March 1995

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Table with 4 columns: Bid, Offer, Bid, Offer. Rows include various financial instruments and their prices.

## USD 10,000,000,000 EURO MEDIUM TERM NOTE OF SOCIETE GENERALE ACCEPTANCE NV AND SOCIETE GENERALE AUSTRALIA LIMITED

SERIE N° 71/84/3 SGA SOCIETE GENERALE ACCEPTANCE NV FRF 300,000,000 ZERO COUPON 3 MONTH PIBOR RANGE LINKED NOTES DUE MARCH 16TH, 1995 ISIN CODE XS0049192973

Notice is hereby given to the Noteholders that the Final Redemption Amount applicable upon redemption of each note was: FRF 106 923.08 per denomination of FRF 100,000 FRF 1 069 230.77 per denomination of FRF 1,000,000

Reimbursement of the nominal has been made on March 16th, 1995 in accordance with Condition 6 "Payment" of the Terms and Conditions of the Notes.

THE PRINCIPAL PAYING AGENT SOGENAL SOCIETE GENERALE GROUP 15, Avenue Emile Reuter LUXEMBOURG

## USD 10,000,000,000 EURO MEDIUM TERM NOTE OF SOCIETE GENERALE ACCEPTANCE NV AND SOCIETE GENERALE AUSTRALIA LIMITED

SERIE N° 72/84/3 SGA SOCIETE GENERALE ACCEPTANCE NV FRF 300,000,000 ZERO COUPON 3 MONTH PIBOR RANGE LINKED NOTES DUE MARCH 16TH, 1995 ISIN CODE XS0049237828

Notice is hereby given to the Noteholders that the Final Redemption Amount applicable upon redemption of each note was: FRF 105 584.62 per denomination of FRF 100,000 FRF 1 055 846.15 per denomination of FRF 1,000,000

Reimbursement of the nominal has been made on March 16th, 1995 in accordance with Condition 6 "Payment" of the Terms and Conditions of the Notes.

THE PRINCIPAL PAYING AGENT SOGENAL SOCIETE GENERALE GROUP 15, Avenue Emile Reuter LUXEMBOURG

## NOTICE TO THE WARRANTHOLDERS OF NIPPON COMSYS CORPORATION (the "Company")

Bearer Warrants to subscribe for shares of common stock of the Company issued in conjunction with U.S. \$100,000,000 1 1/4 per cent. Notes due 1998

Adjustment of Subscription Price

Pursuant to Clause 4 of the Instrument dated 2nd March, 1994 (the "Instrument") relating to the above mentioned Warrants, notice is hereby given that the Company resolved at the meeting of the Board of Directors on 14th March, 1995 to make a stock split in the form of the free distribution of shares on 19th May, 1995 to shareholders of record as of 31st March, 1995 (Japan time) in the ratio of 0.1 new share for each one share held by them.

Such stock split requires adjustment to the subscription price pursuant to Clause 3(i) of the Instrument as follows:

Subscription Price before adjustment: Yen 1,476.0  
Subscription Price after adjustment: Yen 1,341.9  
Effective date of adjustment: 1st April, 1995 (Japan time)

In addition, the Company also resolved, at the meeting of the Board of Directors mentioned above, to issue U.S. \$100,000,000 notes due 1999 with warrants (the "New Warrants"). The above Subscription Price is subject to further adjustment pursuant to Clause 3(vii) if and when on 22nd March, 1995 the subscription price of the New Warrants is fixed less than the then current market price per share.

NIPPON COMSYS CORPORATION  
By: The Mitsubishi Bank, Limited  
as Principal Paying Agent

17th March, 1995

## NOTICE TO THE SHAREHOLDERS OF ISRAEL 2000 SICAV

20, Boulevard Emmanuel Servais L-2535 LUXEMBOURG R.C. B 47 222

Notice is hereby given that the Annual General Meeting of the shareholders of ISRAEL 2000 SICAV will be held at the registered office of the Company on 4 April 1995 at 10.00 am.

### AGENDA

1. Approval of the report of the Board of Directors and the Auditor's report.
2. Approval of the financial statements for the fiscal year ending 31 December 1994.
3. Allocation of the net result.
4. To discharge the outgoing Directors and the Auditor from their duties for the year ending 31 December 1994.
5. Appointment of the Agents of the Company:
  - Re-election of the Directors.
  - Review of new candidates as Directors proposed by the Board of Directors.
6. Re-election of the Auditor

Resolutions on the above-mentioned Agenda will require a quorum and the resolutions will be passed by a simple majority of the shares present or represented at the meeting.

A shareholder may act as proxy.

On behalf of the Company,  
BANQUE DE GESTION EDMOND DE ROTHSCHILD LUXEMBOURG  
- société anonyme -  
20, Boulevard Emmanuel Servais  
L-2535 LUXEMBOURG

## EUROPEAN INVESTMENT BANK ESP 20,000,000,000 Capped Floating Rate Notes Due 1.999

The notes will bear interest at 10.12188% per annum for the interest period 15 March 1995 (included) to 15 June 1995 (excluded). Interest payable on 15 June 1995 will amount to ESP 2.587 per note.

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## Notice to Bondholders Kia Precision Works Co., Ltd

(Incorporated in the Republic of Korea with limited liability) (the "Company")

U.S. \$18,000,000  
0.5 per cent. Convertible Bonds 2009 (the "Bonds")

Pursuant to provision 6(B) of the Trust Deed dated July 14th, 1994 constituting the Bonds, notice is hereby given as follows:

A stock Dividend to increase the Company's paid-in capital was authorised by a resolution of the Board of Directors of the Company passed on December 16th, 1994 as follows:

1. Record date: December 31st, 1994.
2. The Stock Dividend ratio was 2.5% of paid-in capital.
3. Number of shares to be issued: number of common shares to be increased by 129,922.
4. Conversion price has been adjusted from 18.116 to 17.822 (pursuant to the provisions of the Trust Deed, effective retroactively to immediately after the record date).

The schedule of the Stock Dividend was submitted to the Shareholder's Meeting which was held on March 3rd, 1995, and it was passed during the meeting as the company's original intention without material objections from the shareholders.

By: Kia Precision Works Co., Ltd  
17th March, 1995  
Dongsuh Securities Co., Ltd.







## CFTC chief urges regulation review

By Laurie Morse  
In Boca Raton

- identify legal and practical impediments to containing spill-over from localised financial

- foster protection of customer funds wherever they are located;
- promote national bankruptcy laws that would distinguish between market positions of solvent customer

- and improve mechanism for detecting positions held in

Mrs Schapiro said that her agency, which is the chief

derivatives regulator in the US intended to investigate the practical and legal obstacles that US futures firms have

## Philadelphia and Hong Kong exchanges in link

Mr Ivers Riley, now chief

executive of the HKFE and once a consultant to the Phlx said: "We are extremely excited at the prospect of trading one of the world's most successful exchange-based products. Phlx currency

options are in demand in Asia and we are confident that this linkage is the most effective way to meet that demand." Although Hong Kong is a major currency trading centre transferring that activity to an organised exchange may be difficult, industry experts say.

foreign currency market is liquid, cheap, and well organised, and the banks are happy with that," said Mr Les Hoskings, chairman of the Sydney Futures Exchange.

\_\_\_\_\_

	— Low coupon yield —			— Medium coupon yield —			— High coupon yield —		
	Mar 19	Mar 15	Yr. ago	Mar 19	Mar 15	Yr. ago	Mar 19	Mar 15	Yr. ago
8.30	8.45	6.82	8.41	8.49	8.85	8.56	8.83	8.98	
8.32	8.41	7.35	8.43	8.51	7.46	8.83	8.73	7.71	
8.31	8.38	7.46	8.43	8.51	7.46	8.56	8.66	7.72	
8.39		7.60							

	— Inflation 8% —			— Inflation 10% —		
	Mar 16	Mar 15	Yr. ago	Mar 19	Mar 15	Yr. ago
5 yrs	3.59	3.08	2.64	2.30	2.37	1.79
5 yrs	3.86	3.08	3.29	3.67	3.70	5.12

† High 11% and over. ‡ Flat yield, Yr. to date.

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Feb 7:10 pm On March 16									
Bid	Offer	Chg	Yield		Issued	Bid	Offer	Chg	Yield
102	102 1/4	+	8.15	Abbey Nat Treasury 8 00 E	100	102 1/4	99 1/4	+	8.22
105	105 1/4	+	7.89	Abbey Nat Treasury 11 1/4 97 E	100	105 1/4	105 1/4	+	8.50
104	104 1/4	+	8 1/4	100	104 1/4	104 1/4	+	8 1/4	8.15
102	102 1/4	0	7.33	Denmark 4 1/2 98 E	100	102 1/4	102 1/4	+	10.15
110	110 1/4	+	6.22	ESB 8 00 E	100	110 1/4	110 1/4	+	6 1/4
				Hafslund 10 1/2 97 E	100	109 3/4	109 3/4	+	6 3/4
				Harmon 10 1/2 97 E	100	109 3/4	109 3/4	+	6 3/4
				Yester 11 5/8 02 E	153	110	110 1/4	+	6 3/4
100	100 1/2		5.70	Italy 10 1/2 14 E	400	100 1/2	100 1/2	+	6 3/4
89 1/4	89		4.79	Land 5 1/2 00 E	200	89 1/4	89 1/4	+	8.81
102	102 1/4	+	4.34	Land 5 1/2 01 E	200	102 1/4	102 1/4	+	9.07
89	89 1/4		5.61	Ontario 11 1/4 01 E	100	100 1/4	100 1/4	+	8.13
102 1/4	102 1/4		5.81	Pakistan 4 1/2 00 E	250	102 1/4	102 1/4	+	8.21
110	111		5.87	Russian 10 1/2 97 E	100	110	110	+	8.40
102	102 1/4	+	5.87	Tokyo Bk Power 11 01 E	150	102 1/4	102 1/4	+	8.87
103	103 1/4		6.02	Abbey National 9 00 02 E	100	103 1/4	103 1/4	+	9.04
108	108 1/4	+	6.24	BNZ Par 4 1/2 02 NS	700	108 1/4	108 1/4	+	8.18
102 1/4	102 1/4	+	6.24	Central Lead 0 1/2 97 E	77 1/2	102 1/4	102 1/4	+	8.18
89 1/4	89 1/4		5.84	Bd of France 6 1/4 94 E	170	89 1/4	89 1/4	+	8.18
104	104 1/4		5.82	SNCF 4 1/2 97 FF	4000	104 1/4	104 1/4	+	7.76
89	89 1/4		5.85						
109 1/4	110	+	5.82						
FLOATING RATE NOTES									
Bid	Offer	Chg	Yield		Issued	Bid	Offer	Chg	Yield
105 1/4	107 1/4	+	3.41	Abbey Nat Treasury -5 99	1000	105 1/4	106 1/4	+	6.20
114	114 1/4	+	3.32	Brighton -5 97 UM	500	106 1/4	106 1/4	+	10.19
104 1/4	104 1/4		2.86	Bright -0:02 98	350	104 1/4	104 1/4	+	8.59

UAB Baden-Wuert Fin	1,998	1000	99.45	99.54	5.8750
Lloyds Bank Pers S O 10		600	93.00	94.00	4.5225

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**INVESTMENT TRUSTS - Contd.**[illegible][illegible][illegible][illegible][illegible]



**INVESTMENT COMPANIES - Cont.**

## OIL EXPLORATION & PRODUCTION

**PROPERTY****RETAILERS, GENERAL - Cont.****TRANSPORT - Cont.**[illegible]

**OTHER INVESTMENT TR**

HTV	340	1500	170
Harrington Kilde	370	25	194
Hawes Pital	380	3000	615

	Notes	Price	+ or -	1994 high
17.2				
61.1				

Dairy Farm B .....  
 Europek .....

1.4	11.4	Caldwell Inv.	5-1	31-1	---
2.5	17.0	Campbell Int.	---	21-8	---
1.0	---	Carrington Int.	---	3-2	---

Estimated price/carrick  
and volume

[illegible][illegible]







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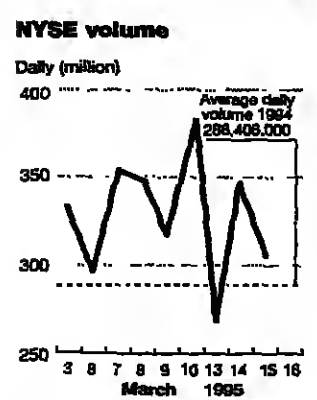


AMERICA

# Dow hits new high as rate fears ease

Wall Street

US shares rose to fresh record highs early yesterday afternoon as bonds soared and a spate of economic data indicated that another interest rate increase may not be necessary to slow the economy, writes Lisa Branstetter in New York.



came to 197m shares. Last month's consumer price index rose 0.3 per cent, which was a slightly higher rate of increase than has been seen in recent months but in line with forecasts from a consensus of economists.

More encouraging to the market was data showing that the rate of increase on home construction was slowing. Also there was a survey by the Federal Reserve Bank of Philadelphia that indicated a deceleration of business activity among manufacturers along the northern part of the Atlantic seaboard.

Another positive note was struck by a stable dollar. Although the greenback slid in early trading, it bounced above late Wednesday levels later in the morning and stayed there through the early afternoon.

US Shoe was 8% higher at \$25 after the specialty retailer announced it would sell its business to Nine West.

Nine West shares increased 8% at \$29.

American Depository Receipts of Luxottica, the Italian maker of spectacle frames that had sought to buy US Shoe for its Lenscrafters business, fell 1% to \$32 after the US company rejected Luxottica's bid.

Shares in RJR Nabisco dropped 4% at \$64 after Kohlberg Kravis Roberts gave its remaining 8 per cent of the company's shares to the recently acquired Borden, which is expected to sell the stock to raise cash.

Several paper companies lost ground on reports that an analyst at Merrill Lynch had lowered the rating on the stocks from "above average" to "buy". Stone Container dropped 1% at \$20, Weyerhaeuser lost 1% at \$37, Mead was off 1% at \$51 and Westvaco fell 1% at \$38.

Consumer stocks, regarded as a hedge against a slowing economy, gained more broadly than cyclical shares according to Morgan Stanley indices of those sectors. The consumer index gained 0.6 per cent while the cyclical counterpart was up only 0.2 per cent. Among the largest gainers in the consumer index were Coca-Cola, up 1% at \$58, Medtronic, 1% at \$60, and Colgate Palmolive, 1% at \$37.

Gencor rose 1% at \$12 after reporting stronger first quarter earnings than many analysts had projected. The company's earnings of 22 cents per share were 5 cents higher than the mean estimate.

Canada Toronto was mixed as strength in a number of sectors offset sharp losses in gold and precious metals.

At midday, the TSE 300 index was up 2.23 at 4,221.12 in volume of 34.6m shares worth C\$337m. However, declines outstripped advances by 285 to 266 with 236 issues unchanged. Precious metals were down 160.23 to 9,456.42 on weak gold prices and profit-taking. Barrick Gold fell C\$2 to C\$32 and Placer Dome sank C\$4 to C\$30. The losses were countered by gains in banking, consumer products, industrials and real estate. Northern Telecom rose C\$1 to C\$53.

EUROPE

# US economic data outweigh Buba's standstill

Interest rate hopes dominated market movements yesterday, writes our Markets Staff. In early trading, traders were encouraged by the chance of a German rate cut, on the basis of a newspaper interview with the Bundesbank president, Mr Hans Eichel.

Those hopes were disappointed in the middle of the day when Buba left key rates unchanged. But in the afternoon, markets rallied on the back of economic data which suggested that a US interest rate increase was less likely.

PARIS jumped 2.7 per cent in reaction to US influences, and to a pro-European speech from Mr Jacques Chirac, the main presidential candidate. But the gains among leading stocks masked a sharp plunge in the French state-owned bank, Credit Lyonnais.

The CAC-40 index ended the day 47.16 up at 1785.78. CL tumbled FF717 to FF723, its low of the year and down from FF856 a share in February, 1994. It was announced that three people were in custody as part of a fraud investigation into the affairs of one of its subsidiaries.

Meanwhile Alcatel Alsthom bounced FF130 to FF136 as the ousted chairman, Mr Pierre Suard, publicly declared his, and the company's, innocence in relation to charges of over-bidding.

Pernod Ricard, the drinks group, added FF7.20 at

ASIA PACIFIC

# Nikkei down 1.9% as Karachi falls to 16-month low

Tokyo

A fall in the dollar against the yen triggered profit-taking and the Nikkei index plunged, led by a decline in the construction and electrical sectors, writes Emiko Terazono in Tokyo.

The Nikkei 225 index fell 31.15, or 1.9 per cent, to 16,333.69 after a low of 16,308.55 and a high of 16,632.82. Profit-taking after Wednesday's 2.5 per cent rise depressed prices at the start of the session, while subsequently, investors began selling high-technology stocks and construction companies as the dollar weakened below the ¥90 level.

Volume totalled 92m shares on active selling and buying back of stocks by corporate investors trying to lock in profits ahead of the fiscal year end. The Topix index of all first section stocks lost 18.66 to 1,309.82 and the Nikkei 300 declined 3.54 to 240.73. Losers overwhelmed gainers by 583 to 158, with 147 issues remaining unchanged.

In London, the ISE/Nikkei 50 index slipped 0.45 to 1,063.27. Rising concern over the health of Credit Lyonnais, the French banking group, depressed investor confidence. In the afternoon, the bank's Japanese arm denied rumours that it had incurred massive losses from unrecoverable loans to Singapore, and traders said buying by insurance companies and banks helped to underpin the market.

According to the Japan Securities Dealers Association, net purchases of equities by life and non-life insurance companies totalled ¥763.5bn in February, the ninth largest on record, due to sluggish demand for loans. Overseas investors bought a net ¥1,408.4bn, while agriculture related financial institutions sold a record ¥885.6bn.

On the trading floor, brokers were the heaviest hit sector of the day, falling 2.7 per cent. Selling pressure has been

FT-SE Actuarial Share Indices

Mar 16	Mar 15	Mar 14	Mar 13	Mar 12	Mar 11	Mar 10	Mar 9
FT-SE 100	1237.50	1236.44	1237.84	1240.84	1233.90	1234.15	1235.95
FT-SE 250	1335.14	1336.14	1334.54	1337.93	1332.51	1332.89	1334.04

Mar 16	Mar 15	Mar 14	Mar 13	Mar 12	Mar 11	Mar 10	Mar 9
FT-SE 100	1237.50	1236.44	1237.84	1240.84	1233.90	1234.15	1235.95
FT-SE 250	1335.14	1336.14	1334.54	1337.93	1332.51	1332.89	1334.04

Base 1000 (1989=100) FT-SE 100: 1240.84, 1233.90, 1234.15, 1235.95, 1236.44, 1237.84, 1237.50, 1236.44, 1235.14, 1236.14, 1234.54, 1237.93, 1232.51, 1232.89, 1234.04, 1235.95

FFR333.20 despite some concern over the group's intention to make foreign acquisitions worth between FF30m and FF50m. And Elf Aquitaine, due to hold a presentation to analysts late yesterday, gained FF11.20 to FF377.20.

MILAN finished firmer but off the day's highs after Mr Lamberto Dini, the prime minister, narrowly survived the parliamentary confidence vote and won approval for the 1995 interim budget.

The Comit index rose 5.45 to 602.69 while the Mibtel index finished 148 ahead at 9,661, having peaked at 9,751 on short covering ahead of today's close of the March account.

Mr Andrea Ruggeri at Goldman Sachs commented that while market fundamentals were positive, he believed that the valuation was not particularly attractive and Italy would deliver returns this year below the European average. "The political situation may have improved today, but nothing has really changed in terms of the risk that the market

involves, and so I am not particularly bullish."

Telecommunications issues were the day's main beneficiaries, with Mr Dini's win improving the chance that the sector would be privatised on schedule. Stet gained L135 or 3.1 per cent to L4,447 and Telecom Italia was L127 or 3.4 per cent higher at L3,918.

FRANKFURT recovered, reacted, then rose again, before the Dax index closed the afternoon at an all-time high of 2,016.15, up 20.93 on the day.

Recent disaffection with cyclical shares remained, to an extent. There were outperformers in banks, chemicals and retailing, with carmakers relatively subdued and engineers mixed.

Deutsche Babcock fell another DM3.50 to DM159, down 15.6 per cent since the end of last month against a 4.1 per cent fall in the Dax. Mr Theo Kitz, an engineering analyst at Merck Finck in Düsseldorf, said Wednesday's results produced earnings below expectations.

Trading was subdued in much of the region. KARACHI, however, plunged below 1,700 to a 16-month low as investors became unnerved by a strike call from local businessmen protesting at the recent violence in the city. The strike is set for March 25.

The Karachi 100-share index tumbled 42.63, or 2.5 per cent, to 1,695.57. Prices started to slip after the killings of two Americans on March 8 and many dealers believe the trend could continue until law and order in the city improves.

BOMBAY was lower for a second consecutive session after Wednesday's huge gains as investors sold shares in compe-

tioning since the Barings debacle. Nomura Securities lost ¥50 to ¥1,580 and Daiwa Securities declined ¥30 to ¥1,010.

Individual investors tried to cut their losses on construction stocks bought on the reconstruction theme following the earthquake. Sumitomo Construction, the most active issue of the day, fell ¥35 to ¥535, and Fudo Construction declined ¥55 to ¥390.

In Osaka, the OSX average fell 258.94 to 18,194.06 in volume of 629.8m shares. High-technology shares and pharmaceuticals lost ground on profit-taking.

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EUROPEAN EQUITIES TURNOVER

Source	Nov 1994	Dec 1994	Jan 1995	Feb 1995	US \$bn
Belgium	60.31	64.30	53.87	57.27	1.90
Denmark	29.25	23.21	22.75	22.09	3.79
Finland	11.26	10.20	11.16	14.03	3.09
France	171.19	174.08	141.32	152.25	29.57
Germany	108.54	99.98	114.94	126.64	85.76
Italy	41.848	44.176	68.215	54.807	32.82
Netherlands	28.20	19.50	27.00	27.30	16.81
Norway	19.79	25.46	24.19	23.48	8.29
Spain	1,022.72	1,172.56	1,086.13	1,082.36	12.81
Sweden	135.28	105.26	124.04	94.18	18.41
Switzerland	25.40	18.99	20.30	20.36	18.41
UK	48.08	41.67	49.38	47.52	75.08

Values represent purchases and sales. Sales data reported to reduce off-market trading. Some figures may be revised. Source: Reuters Securities

Nordic countries feature for the first time in the European bourse turnover rankings, and the smallest of them produced the biggest individual gain in February, says Mr James Cornish of NatWest Securities, which produces the figures. Finland's 25.7 per cent increase in turnover compares with an average fall of 3.5 per cent for the 12 countries involved. It came in parallel with a 4.1 per cent fall in the Hex index and the selling seems to have been domestically-led, with London's screen-based Sea International market producing a gain of only 16 per cent on the month. Germany came second to Finland, up 9.3 per cent, again on a big fall in share prices. The biggest drop in turnover came in Sweden, down 24.1 per cent after the rise in capital gains tax at the beginning of the year produced "spikes" in turnover - in December, as those affected by the tax took profits in advance, and in January as the same investors bought back into the market.

However, Germany metals producers were upbeat on 1995 prospects yesterday, and this seemed to be reflected in Preussag, up DM8 to DM42. ZURICH was led higher by renewed demand for banks.

index finished 6.56 higher at 943.88, with some analysts suggesting that the revival of election talk after the return of the prime minister, Mr Mahathir Mohamad, from an overseas trip could trigger fresh speculative interest.

SEATTLE was flat as some demand re-emerged after earlier profit-taking and the composite index added 0.45 to 554.16.

Taekwang Industry hit an all-time high of Won669,000, the highest price ever recorded on the Seoul bourse.

HONG KONG was lower as the market digested the previous session's 270 point gain and speculation about forth-

coming covered warrant issues also dampened the market. The Hang Seng index closed 17.46 down at 8,347.75 in turnover of HK\$3.6bn after HK\$4.7bn on Wednesday.

SYDNEY ended firmer with buying in a few blue chip issues continuing to support the market despite some weakness in the resources sector.

The All Ordinaries index closed 4.6 higher at 1968.9. Blue chips, including News Corp, National Australia Bank and BHP lifted the market early and supported it over the rest of the session.

WELLINGTON gained ground after the Reserve

The bearers rose SF110 to SF1364, with strong demand noted from one Zurich bank.

Brown Boveri picked up SF12 to SF11.14, supported by news that ABB was to merge its railway activities with Daimler Benz, and that ABB was to receive \$800m as part of the deal. An analyst described the move as a good strategic decision for an underperforming division.

STOCKHOLM slipped on continuing concern over the dollar and news that some banks were raising interest rates. The OMX index fell 4.18 to 1,131.46 in turnover of SKr2.5m. The defence group, Celsius plummeted SKr17.50 to SKr127.50 after forecasting lower profits for 1995. Celsius forecast a 1995 figure of less than SKr735m compared with a 1994 profit of SKr904m.

Modo, the forestry group exposed to the US dollar, fell SKr8 to SKr394.50 as investors took profits following company figures in line with forecasts.

AMSTERDAM featured higher-than-expected profits from Hogerovers, which hit an intraday high of F174.50; then analysts noted a one-off tax gain which left net profits in line with expectations, and the shares ended F11 lower at F169.30 as the AEX index fell 1.68 to 383.03.

Written and edited by William Cochrane, Michael Morgan and Peter John

# Buenos Aires gains 3.8%

Argentine blue chips posted gains of 3.8 per cent at mid-session with tax laws, passed by the congress on Wednesday, serving to steer the market back on to an upward path.

The Merval index gained 12.96 to 351.45, more than erasing the effects of Wednesday's profit-taking which followed a three-session, 33 per cent surge after the loan agreement with the IMF. Blue chips were still,

however, 33 per cent down on the levels prevailing when Mexico devalued its currency three months ago.

Among the biggest blue chip gainers, Ipako, the petrochemical company rose 8.5 per cent and Banco de Galicia added 7.8 per cent. Tabacal, the tobacco group, jumped 7.6 per cent. Sevel, the carmaker, gained 7.3 per cent and Molinos, the foods giant, was 6.3 per cent higher.

# S Africa sees correction

Johannesburg saw a correction from Wednesday's futures driven levels to end mixed.

Golds were pressured by a strong rand and an easier bullion price, pulling them back from the highs reached on the back of Wednesday afternoon's futures close-out.

Industrials regained some of the ground lost during the previous session, supported by

the national budget which was seen as encouraging foreign investment with the scrapping of non-resident shareholder tax from October 1.

The overall index, recalculated to include almost all market capitalisation, was 3.0 softer at 5,274.2, industrials gained 32.4 at 6,649.8 and golds fell 45.7 or 3.2 per cent at 1,495. De Beers fell 150 cents to R86.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. In conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS										DOLLAR INDEX														
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield
Australia (68)	164.48	1.1	152.75	93.42	119.08	146.82	0.9	4.09	162.72	151.94	83.77	119.58	145.32	180.82	157.98	175.88	162.72	151.94	83.77	119.58	145.32	180.82	157.98	175.88
Austria (16)	191.51	2.4	177.65	108.70	138.58	138.51	0.9	1.17	196.36	174.57	107.74	137.40	157.38	198.98	187.40	182.37	196.36	174.57	107.74	137.40	157.38	198.98	187.40	182.37
Belgium (26)	173.05	-1.7	166.29	101.70	129.64	126.87	0.1	4.36	176.00	164.34	101.42	128.35	126.70	179.06	181.50	169.80	176.00	164.34	101.42	128.35	126.70	179.06	181.50	169.80
Brazil (28)	112.02	-2.7	104.58	83.97	81.54	183.57	-2.1	1.25	115.73	108.06	86.88	85.06	187.56	-	-	-	115.73	108.06	86.88	85.06	187.56	-	-	-
Canada (103)	129.85	0.8	120.59	73.75	94.01	133.05	0.7	2.82	129.78	128.25	74.22	94.49	132.09	135.55	127.27	236.51	129.78	128.25	74.22	94.49	132.09	135.55	127.27	236.51
Chile (20)	282.29	1.6	245.33	148.94	189.85	180.74	0.6	1.56	287.45	240.39	145.39	189.20	188.56	275.27	236.51	270.59	287.45	240.39	145.39	189.20	188.56	275.27	236.51	270.59
Denmark (24)	109.34	3.1	174.81	106.97	139.38	171.43	1.6	1.49	182.72	170.81	105.29	134.28	168.34	201.41	133.88	146.58	182.72	170.81	105.29	134.28	168.34	201.41	133.88	146.58
France (101)	166.36	0.2	153.57	93.92	116.72	128.36	-1.2	3.34	165.09	154.12	95.12	121.31	129.88	181.44	157.70	180.71	165.09	154.12	95.12	121.31	129.88	181.44	157.70	180.71
Germany (89)	150.95	1.8	140.18	85.74	109.29	109.26	0.4	1.96	148.17	139.36	85.39	108.89	108.89	154.61	132.03	138.65	148.17	139.36	85.39	108.89	108.89	154.61	132.03	138.65
Hong Kong (58)	340.06	3.3	315.82	183.16	248.21	307.56	3.3	3.91	329.20	307.39	189.71	241.94	326.78	415.42	277.40	403.12	329.20	307.39	189.71	241.94	326.78	415.42	277.40	403.12
Ireland (16)	207.71	1.1	192.20	117.58	130.39	184.06	0.3	3.59	205.44	191.89	118.39	130.89	183.58	217.10	177.59	192.30	205.44	191.89	118.39	130.89	183.58	217.10	177.59	192.30
Italy (68)	250.73	-1.7	233.82	138.54	167.89	182.23	-1.8	1.80	253.31	235.28	135.29	151.58	187.85	217.76	177.57	217.57	253.31	235.28	135.29	151.58	187.85	217.76	177.57	217.57
Japan (149)	147.67	2.8	137.14	83.87	106.91	63.87	1.0	0.81	143.82	134.10	82.78	105.59	82.76	170.10	136.96	77.87	143.82	134.10	82.78	105.59	82.76	170.10	136.96	77.87
Japan (484)	477.26	1.3	433.94	255.40	336.90	451.90	1.0	1.72	461.11	430.00	256.76	339.92	432.30	594.79	396.19	460.59	477.26	433.94	255.40	336.90	451.90	461.11	430.00	256.76
Mexico (16)	221.45	-1.7	208.87	146.11	191.56	191.56	-1.5	2.93	219.15	213.26	147.43	190.86	190.86	246.61	214.12	207.91	219.15	213.26	147.43	190.86	190.86	246.61	214.12	207.91
New Zealand (14)	72.34	1.1	66.02	41.80	53.03	59.82	1.1	4.30	72.61	69.98	43.18	53.25	59.18	74.81	67.84	62.08	72.61	69.98	43.18	53.25	59.18	74.81	67.84	62.08
Norway (63)	239.86	1.2	195.36	119.48	122.50	177.70	0.4	2.22	237.01	219.69	119.28	122.13	177.06	216.03	177.53	201.98	239.86	237.01	219.69	119.28	122.13	177.06	216.03	177.53
Sweden (36)	30.34	0.6	28.39	16.93	21.58	21.58	-0.1	2.63	30.18	29.18	16.88	21.48	21.48	30.56	29.56	27.56	30.18	29.18	16.88	21.48	21.48	30.56	29.56	27.56
South Africa (58)	216.39	1.6	195.36	180.05	240.00	266.38	1.1	2.55	205.70	193.49	180.28	229.13	262.60	316.00	255.56	291.58	216.39	205.70	193.49	180.28	229.13	262.60	316.00	255.56
Spain (36)	246.94	0.0	111.98	72.10	91.90	122.61	-1.2	-4.88	242.59	116.54	73.10	93.30	124.12	150.21	124.81	148.14	246.94	242.59	116.54	73.10	93.30	124.12	150.21	124.81
Sweden (36)	246.94	0.0	111.98	72.10	91.90	122.61	-1.2	2.11	244.00	120.00	138.31	176.58	250.56	247.40	196.70	221.09	246.94	244.00	120.00	138.31	176.58	250.56	247.40	196.70
Switzerland (47)	179.65	2.5	164.24	106.46	128.04	122.74	0.4	1.92	172.05	161.10	98.70	119.18	126.58	178.58	143.91	162.91	179.65	172.05	161.10	98.70	119.18	126.58	178.58	143.91
Thailand (48)	131.40	0.5	122.34	74.54	95.14	126.12	0.0	3.37	131.18	122.47	73.58	96.39	125.14	-	-	-	131.40	131.18	122.47	73.58	96.39	125.14	-	-
United Kingdom (204)	189.98	0.5	182.94	111.89	142.82	169.94	0.0	4.41	196.00	183.01	112.85	144.04	163.01	205.48	181.11	202.99	189.98	196.00	183.01	112.85	144.04	163.01	205.48	181.11
USA (812)	100.00	0.0	100.00	100.00	100.00	100.00	0.0	2.93	201.64	168.28	116.20	149.19	201.64	173.64	173.64	191.41	100.00	201.64	168.28	116.20	149.19	201.64	173.64	173.64
Europe (28)	183.87	-0.2	170.78	104.44	139.12	154.20	-0.2	2.79	184.29	172.06	106.16	136.49	154.80	180.82	157.98	175.88	183.87	184.29	172.06	106.16	136.49	154.80	180.82	157.98
Europe (28)	172.70	0.6	160.39	98.09	125.03	145.22	0.0	3.31	171.58	160.33	98.71	126.14	145.22	170.61	160.59	171.41	172.70	171.58	160.33	98.71	126.14	145.22	170.61	160.59
Nordic (28)	231.88	1.1	215.31	131.89	167.87	205.88	0.8	1.91	229.31	214.11	132.14	168.25	205.69	235.72	170.12	213.57	231.88	229.31	214.11	132.14	168.25	205.69	235.72	170.12
Scandinavia (80)	156.07	2.7	144.57	88.24	112.71	93.70	1.4	1.28	155.61	141.57	87.14	113.31	92.40	176.86	145.93	164.74	156.07	155.61	141.57	87.14	113.31	92.40	176.86	145.93
Europe-Excl. (138)	160.67	1.9	151.07	92.39	117.73	113.48	0.7	2.18	159.72	143.13	86.04	117.38	121.17	175.14	154.73	167.74	160.67	159.72	143.13	86.04	117.38	121.17	175.14	154.73
Europe-Excl. (138)	160.67	1.9	151.07	92.39	117.73	113.48	0.7	2.18	159.72	143.13	86.04	117.38	121.17	175.14	154.73	167.74	160.67	159.72	143.13	86.04	117.38	121.17	175.14	154.73
South Pacific (10)	155.69	1.0	144.57	88.24	112.71	123.82	0.3	2.88	154.12	143.91	88.21	113.27	92.40	176.86	145.93	164.74	155.69	154.12	143.91	88.21	113.27	92.40	176.86	145.93
Pacific Excl. Japan (23)	234.65	1.8	217.92	132.28	169.89	206.48	1.8	3.92	230.27	215.01	132.70	169.23	202.51	273.13	211.19	256.96	234.65	230.27	215.01	132.70	169.23	202.51	273.13	211.19
Pacific Excl. US (73)	180.01	1.8	171.39	93.68	118.62	118.64	0.7	2.20	180.10	174.58	92.21	117.72	115.87	176.55	165.48	188.83	180.01	180.10	174.58	92.21	117.72	115.87	176.55	165.48
Pacific Excl. US (73)	180.01	1.8	171.39	93.68	118.62	118.64	0.7	2.20	170.41	159.20	96.20	156.24	156.86	178.89	163.46	172.31	180.01	170.41	159.20	96.20	156.24	156.86	178.89	163.46
World Excl. Japan (73)	192.39	0.7	178.61	108.14	157.64	177.31	-0.1	3.02	192.68	177.17	107.91	156.20	177.45	192.39	177.45	186.20	192.39	192.68	177.17	107.91	156.20	177.45	192.39	177.45
The World Index (2248)	174.44	1.0	162.00	98.08	129.96	144.44	0.9	2.49	174.44	162.00	98.08	129.96	144.44	174.44	162.00	98.08	174.44	174.44	162.00	98.08	129.96	144.44	174.44	162.00



## RECRUITMENT

JOBS: The special relationship may be under strain among US expatriates in London

## Overwrought, overworked and over here

Many companies find it useful to put their expatriate employees through some kind of cultural awareness programme to help them acclimatise to a new workplace, but is this really necessary when those employees are North Americans coming to work in the UK?

Barbara Chernin, a Canadian-born expatriate who has lived in the UK for about 18 months, believes that it is. From the evidence of a group of US executives who attended a City seminar she organised on cultural awareness last week, she may have a point.

Chernin was aiming the seminar at single employees who, she says, often find themselves alone, unsupported and confused about cultural expectations. She said: "They think that because we speak the same language and have the same history, there is nothing to learn. In reality they find that there is indeed a culture shock, the language is not entirely compatible and this can lead to problems for some."

A common reaction, she said of young, single US expatriates in London, was to deal with loneliness by spending more time at work. Sometimes this led to increased pressure, resulting in illness and, in the worst cases, requests to go home.

So what problems do Americans have when they get to the UK? If the experiences of those at the seminar are anything to go by, they may

range from petty inconveniences such as smaller fridges in their flats to the not much more serious pain of having to buy drinks on your birthday instead of having them bought for you.

The most depressing experience was to hear American views of the English. They think the service is terrible, that the food is full of monosodium glutamate, and that English is as opposed to American English is a foreign language.

Their popular (and most feared) image of the typical English male appears to be that of a braying, public schoolboy who adheres to a Byzantine social class structure. The only notable comment about life outside London was that sluggish service in the capital ground to a snail's pace outside the M25. Few appeared to be contemplating trips to the regions.

Their idea of experiencing British life appeared to involve trips to Ascot or Henley during the season or a picnic at Glyndebourne. There was little appreciation of regional subtleties. One speaker admitted that it took him months to spend any money because he kept transla-

ting pounds into dollars and deciding everything was too expensive.

Views about the British at work were equally enlightening. They ranged from the observation that in London it didn't matter what time it was when you turned up for work to an expression of disappointment that it was difficult to enforce workplace discipline "because you can't hold the threat of being fired over people's heads".

One speaker said she needed a translator to explain the differences and nuances of the language when she arrived. Another noticed the tolerance of smokers. "If you are a smoker it's as if you have died and gone to heaven," he said. In terms of smoking restrictions, he put the UK between five and 10 years behind the US. "But you can see things closing in on smokers here too," he added.

At least the seminar, which was attended by one or two natives, led to a frank exchange of views. Most of the expatriates seemed in general agreement that the English class system is impenetrable. So is county cricket and the distinction between the amateur and profes-

sional codes of rugby. Chernin admitted that she had kept the seminar and the speeches short deliberately because young North Americans have short attention spans. "This is the television generation," she said.

Not all the comments about the British way of life were negative. Among the positive ones were praise for the Royal Mail and the cultural diversity of London. The main difficulty of the US expatriates seemed to be one of integrating with the natives.

It was clear from the meeting that the gulf in understanding between the two cultures was a real source of anxiety, at least initially, for some US employees arriving in the UK. What also seemed disturbing was the prominence of national stereotypes in the perceptions of respective nationals. Can stereotyping affect working relations in companies with multinational workforces? We might also begin to ask: what price the special relationship in the workplace?

One report published last year went so far as to suggest that

Americans had more in common with the French. If ever there was a case to illustrate that national differences can matter in the workplace, it is a current law suit filed in New York by a British securities trader who was sacked by the Canadian Imperial Bank of Commerce.

The trader, Russell Deakin, is alleging that he was subjected to a string of anti-British remarks by his former boss, George Courtadon, a Frenchman. Deakin says Courtadon was rude about British dress sense, the looks of British women and about English soccer hooligans.

It is difficult to assess how many of the national differences really matter. One big difference between the Americans and the British is how the former seem to have anxieties about everything. This was reflected in a piece of blunt advice from a British speaker who pointed to the American reputation for whining.

"Complaining is very much part of the American culture but it is not part of ours," he said. He told them: "There are times when you will just have to button your lip. Complaining is the one thing guaranteed to

make the hackles rise in a British person. Whatever you do, don't complain."

He conceded that there seemed to be xenophobic-inspired desires by both nationalities to caricature each other.

Chernin says that about 30 per cent of current US expatriates in Europe are single. The numbers are growing, suggesting that the problems may get worse. Chernin, who held the seminar in association with Karen Deane Relocations, a London-based relocation company, said she might organise others in future if there was a demand. Anyone interested in exploring further could call her on 071 581 0763.

When full-time directors are borrowed from their employer to be part-time directors of another company, who should pick up the fee, the director or the full-time employer? This delicate little topic was touched upon in the findings of a survey recently carried out by Monks Partnership.

The survey of 217 predominantly larger UK companies found that

they were divided about who should retain fees. Some 44 per cent of industrial companies normally permitted their executives to retain fees, but only 26 per cent of financial organisations were so generous.

What seemed most clear from the report was that there was no broadly accepted policy over the recruitment and pay of non-executive directors. Some companies impose limits on how much pay their executives can retain from outside appointments and a small number limit the number of outside appointments.

The research discovered that fees for non-executive directors tended to be fixed in an arbitrary way, without the use of pay formulas. Many companies seem to update fees once every two years, often basing fee size on that paid by other companies of similar stature.

Without broad agreement on how these appointments should be handled, particularly on the number of permitted appointments and fee retention, and given the increasing responsibilities of non-executive directors, there may be a danger that split commitments will veer too far from the full time employer - or that the borrowed executive will be too busy boosting his income elsewhere.

Richard Donkin

## Devonshire Executive

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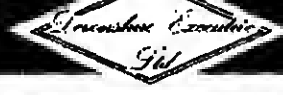
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Young, aggressive, energetic night-shift foreign exchange dealer required for a medium sized brokerage house. Must have minimum of 2 years experience and be willing to work long hours. Experience in futures markets useful. Must have full UK work permit. Apply in writing only to:

Box A5058, Financial Times,  
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APPOINTMENTS  
WANTED

## ENERGY CONSULTANT

Well - established U.S. consulting group looking for senior analyst in Europe, specialising in European Gas and Electricity Markets. Must have 5 to 10 years related experience and good marketing skills.

Write to Box A5052, Financial Times, One Southwark Bridge, London SE1 9HL

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Bede &amp; Company

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Bede Research focuses on specific aspects of the Bede group's services, in particular identifying and researching outstanding investment managers from its analysis of the global investment management industry.

Bede Research will be responsible for the production of valuations and commentary, marketing materials, asset allocation, risk analysis and proposals for Bede & Co. SA in Geneva and Bede & Co. (Bermuda) Limited.

The company is looking for a new Head of Research to oversee its UK operations. Candidates should be degree-qualified, with excellent writing and maths skills, and should have at least five years' experience in the international fund management industry. Industry knowledge is essential, especially in the areas of research and analysis of investment manager performance, investment management strategies, global custody, and investment accounting. Candidates should be detail-oriented and highly computer literate in both Apple Mac and MS DOS systems.

A generous remuneration package will be offered, negotiable based on previous experience.

Please send a CV and letter outlining why you should be considered for this position to:

Melissa Miller  
Bede & Co. SA  
UK Representative Office  
89 Holland Park  
London W11 3RZ

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For resume  
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LIFFE is Europe's leading marketplace for the trading of financial futures and options, and offers a more comprehensive range of financial products than any other exchange in the world. Growth in trading volumes and the emphasis on effective regulation have created the need to increase the frequency of compliance audits and to strengthen our established function with this new appointment.

Reporting to the Head of Compliance and acting as his deputy, you will be responsible for leading a team of compliance officers engaged on a comprehensive programme of audits covering some 200 Members ranging from global financial institutions to specialist firms. Your audit management responsibilities will include significant hands-on involvement as well as liaison at senior executive levels.

A graduate and a qualified accountant, you should have gained at least three years' relevant experience with a regulatory body or financial

institution, and must have specific knowledge of the derivatives industry. Familiarity with the SFA and SIB would be a distinct advantage. Your technical expertise must be backed by an ability to address sensitive issues and resolve problems through persuasion and diplomacy. Proven supervisory skills are essential.

The role offers the opportunity to gain valuable experience with a leading institution offering good prospects for personal development. Salary will be supported by a competitive range of benefits.

To apply, please write in confidence, enclosing your full CV and details of present remuneration, to Charles Crookall, Personnel & Training Manager, LIFFE, Cannon Bridge, London EC4R 3XQ.

LIFFE

The London International Financial  
Futures and Options ExchangeCORPORATE BROKING  
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Charterhouse Tilney Securities has become one of the UK's leading agency stockbrokers and continues to build on the considerable success achieved in 1994. Our corporate broking team acts for a significant number of clients providing a full range of corporate broking services.

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Keith Robinson, Group Personnel Director  
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1 Paternoster Row, St Paul's  
London EC4M 7DH

## CHARTERHOUSE

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## APPOINTMENTS ADVERTISING

Appears in the UK edition every Wednesday & Thursday and in the International edition every Friday. For information on advertising in this section please call:

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## Major International Asset Manager Liquidity Manager

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c. £60,000 + Bonus

We have been asked to seek out a person from a Fund Management and/or Treasury background to manage a liquidity product for one of the world's largest Asset Management Groups.

The organisation operates across the whole range of Investment Management activities and is based in a number of major international centres. In London they manage some \$8Bn of Fixed Income monies and cash.

The person appointed would lead a small team servicing money markets and low risk bond accounts for corporates and financial institutions. Emphasis will be on providing a day to day and short term liquidity service.

Funds in this area already total over \$2Bn and are likely to increase dramatically.

The role should provide an exciting challenge to an Economics Graduate in his/her late twenties/early thirties who has about five years exposure to International Treasury Products - European/UK would be an advantage.

The person appointed would work with clients of the overall organisation in the development of this business and be involved in marketing.

In addition to a generous salary there will be full banking benefits and a bonus.

Please reply in the first instance to Colin Barry, the Company's Advisor in this matter, at Overton Shirley & Barry Limited, Prince Rupert House, 64 Queen Street, London EC4R 1AD. Tel: 0171-248 0355. Fax: 0171-489 1102.

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INTERNATIONAL SEARCH AND SELECTION

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The bank's established legal service is essentially an in-house consultancy. It presently comprises five lawyers of Swiss, French, German and US origin. The team now wishes to recruit a UK qualified lawyer. The role is both fascinating and diverse and includes elements of banking, finance, commercial, private international, comparative and public law.

Candidates will be 3 to 5 years qualified, preferably working in the field of international banking law. They will have top academic credentials and will ideally have worked within Continental Europe. Fluency in French and/or German is essential.

**TAYLOR•ROOT**

LEGAL RECRUITMENT ADVISERS

For further information and a confidential chat, please contact Gavin Burgess on 0171 936 2565 (01727 847445 home) or write to Taylor Root, Ludgate House, 107 Fleet Street, London EC4A 2AB. (Fax 0171 936 2463). Taylor Root are handling this assignment exclusively.

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Our client is one of the world's most respected international banks, with an active presence in most of the major financial centres and a particular reputation for the quality and prominence of its Treasury activities.

There is now an opportunity within the Treasury Sales team in London for an additional experienced Dealer to market FX & Money Market products, both on & off balance sheet, to corporates and financial institutions in France and/or French speaking European countries.

The successful candidate is likely to have the following profile:

- Fluency in both English and French;
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- Good understanding of currency options, capital markets and derivatives products;
- Wide ranging contacts with French corporates and financial institutions;
- Age 28-35.

*If you have the necessary skills and experience and are willing to meet the challenges of this role, please call or write to Sean Carr or Richard Lyons.*

*All applications will be treated in the strictest confidence.*

Telephone 0171-623 4075

Facsimile: 0171-626 3172

**SEAN CARR**

Search &amp; Selection Limited

Astral House,  
125-129 Middlesex Street  
London E1 7JF

**Price Waterhouse**  
EXECUTIVE SEARCH & SELECTION

## Human Resources Manager

Warsaw

Price Waterhouse has been operating in Poland for five years. Our office employs over 250 staff in three locations in Poland and is still expanding in order to serve our international and Polish clients. To ensure effective management of our personnel we are looking to recruit a strong Human Resources Manager.

The appointed individual will be responsible for Price Waterhouse Poland personnel policy development, recruitment, training, control of appraisal procedures and all issues connected with Polish labour code, etc. The successful candidate will report directly to a Warsaw Partners' committee.

We are looking for an excellent communicator

with drive, ambition and a desire to contribute to the operational growth of the business. You need to be a dynamic person with very good interpersonal and organizational skills. Exposure to multinational environment and Polish language skills will be advantageous.

Ideally, the position calls for a University graduate with at least five years of professional experience in the human resources area. However, candidates with less experience but high potential who wish to work in a multinational environment will be considered. Further training and development in Polish and international human resources matters can be provided.

We will offer a highly competitive compensation package commensurate with the importance of this position. In addition, you can take advantage of the excellent career development opportunities that exist with this global organisation.

If you meet our requirements please apply quoting reference number ESS/398 to:

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Warsaw Corporate Centre  
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Poland

We guarantee confidentiality

## TREASURY & CAPITAL MARKETS

The Royal Bank of Scotland's Treasury & Capital Markets Division is rapidly emerging as one of the most innovative and effective operations in the industry and has doubled in size in the last two years.

and varied workload. Strong communication skills, initiative and a pro-active approach to work are pre-requisites. Excellent PC skills, including proficiency in the use of spreadsheet packages, are essential.

A Senior Analyst is now needed to join its recently formed Strategic Development team. The role requires an individual to analyse the profitability, business organisation and strategy of this expanding operation. Undertaking rigorous external analysis of the Treasury and Capital Markets customer base, markets and competition should lead to incisive recommendations for increasing profitability and market share.

The successful candidate will have the ability and clarity of thought to prepare papers for Senior Management to whom recommendations must be sold with confidence and enthusiasm.

A graduate with an MBA and a minimum of 4 years' experience of wholesale finance, you will also be analytical, creative and capable of dealing with a heavy

**MANAGER,  
STRATEGIC  
DEVELOPMENT**  
c.£35,000 PLUS CAR  
AND BANKING BENEFITS  
LONDON

This position will report to the Head of Strategic Development. Treasury and Capital Markets is a meritocratic environment where there is excellent scope for personal and professional development for high performers.

To apply, please forward your CV to Victoria Wallis, Human Resources

Department, The Royal Bank of Scotland plc, Waterhouse Square, 138 - 142 Holborn, London EC1N 2TH.

Committed to Equal Opportunities



**The Royal Bank of Scotland**  
WHERE PEOPLE MATTER

## The Nippon Credit Bank, Ltd.

The Nippon Credit Bank, global financial engineer and vital member of the worldwide financial community, is seeking to recruit three professional Marketing Officers and one Financial Relationship Officer to focus on expanding its customer base throughout Europe. Due to their commitment both to capturing new business and enhancing the service given to customers the requirement is for experienced individuals possessing an depth knowledge and understanding of each country's politics, economics and financial business environment.

### Marketing Officer

Geographical areas to be focused on are South Western Europe (especially Spain and Portugal), Middle and Eastern Europe (including Germany and the Czech Republic) and Scandinavia (including Finland and Iceland). Candidates must be bi-lingual and possess experience of marketing to one of these geographical areas. You will have concentrated on Corporate, Sovereign and Financial Institutions.

### Relationship Officer

Applications are sought from a Financial Institutions Relationship Officer to concentrate on maintaining and developing relationships providing Treasury and Capital Markets services to Banks, Insurance Companies, Building Societies, Fund Managers and other non-bank financial institutions throughout Europe. Candidates will possess relevant experience, with the ability to develop innovative solutions within today's markets.

The Nippon Credit Bank are offering above average remuneration and benefits packages and scope for the successful candidates to develop their potential.

For further information please contact or write in strictest confidence enclosing full curriculum vitae to Helen Stewart.

**JOSLIN ROWE**  
banking recruitment consultants

Joslin Rowe Associates Ltd Bell Court House 11 Blomfield Street London EC2M 7AY  
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RECRUITMENT CONSULTANTS GROUP

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Career appointment. Opportunity to take management responsibility and to review procedures in a bank which is expanding rapidly

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CITY

c.£36,000 + CAR + BONUS

MAJOR EUROPEAN BANK WITH GLOBAL PRESENCE

Our client has a sophisticated product range, with a strong presence in trade, commodity, project, and structured finance as well as more traditional corporate banking. The successful applicant will manage three teams of experienced technicians in loans administration, documentary credits and customer payments/reconciliations and there will be a strong interface with the Treasury and Commercial Banking teams. Applicants must have 5+ years' banking operations experience, excellent PC skills, a broad product knowledge and the accounting skills to react to and understand the impact of the business on P&L and the bank's balance sheet. We seek a confident, ambitious manager who will generate ideas and find solutions across all areas of operations. Initial remuneration is negotiable c.£36,000 + car/allowance, bonus and excellent bank benefits.

Applications in strict confidence quoting reference MOB5027/FT to the Managing Director, CJA.

## EUROBOND SALES

Salesperson required for placement of international securities with institutional investors. The successful candidate will have first-hand knowledge and experience of selling fixed income bonds, floating rate notes and interest rate swaps to sophisticated fund-managers, treasurers and loan-officers.

Knowledge of emerging markets and foreign languages an advantage. Professionalism and a high level of motivation are essential. He/she will be part of a small team working for a quality European bank in the City with a broad and varied product base, a clear strategy, and proven management commitment.

Remuneration negotiable.

Interested candidates should send a comprehensive CV (including salary and benefits package) to:  
Box A5063 Financial Times, One Southwark Bridge, London SE1 9HL

## APPOINTMENTS WANTED

### Italian Investment Banker, 27

2 years experience in Corporate Finance,  
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derivatives in top US Investment Bank in  
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Italian/English bilingual and French fluent,  
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MERC Partners has been retained to assist in the recruitment of Corporate Lending Manager(s) to augment an existing highly successful team.



Selection & Human Resource Consultants



The person(s) appointed will be responsible for the management of specific portfolios and on-going client relationships.

Candidates aged between 28 and 32 will be graduates and are likely to have either a Masters or Professional qualification. They will also have gained at least 5 to 6 years experience in Corporate Lending.

Successful candidates will possess strong credit, marketing, negotiation and communication skills. Excellent career and personal development prospects together with an attractive remuneration package will be offered.

Please write - in strict confidence - enclosing a curriculum vitae and quoting reference number 95804, before April 6th 1995, to:

MERC Partners  
Number Twelve  
Richview Office Park  
Clonsilla  
Dublin 14

Facsimile No: +353 1 283 0650

**GLOBAL INVESTOR  
RELATIONS AND FINANCIAL  
INFORMATION COMPANY**

We are a leading financial data company, with global operations serving an extensive international client base. Due to expansion two new opportunities have arisen within our international team. Salary is commensurate with experience and we offer a competitive benefits package.

**UK SALES EXECUTIVE**

The successful candidate will be degree educated, goal oriented and have an understanding of international financial markets. Candidates will be expected to travel frequently within the UK and their work will focus on new business development at senior executive level.

**RESEARCH ASSOCIATE**

We seek a dynamic graduate with good research and communication skills. Potential candidates should also be detail orientated, analytical and computer literate. Languages, including Italian, would be an advantage.

Please send your CV marked "Research" or "Sales" to:

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A Knight-Ridder Company  
84 Newman Street  
London W1P 3LD

**V.P. Equity Operations  
£50,000 + BONUS**

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c £40,000**

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**Account Manager  
To £50,000**

Excellent opportunity exists for an experienced Account Manager possessing a proven track record of marketing to both top UK and Multinational Institutions to join the expanding Credit Division of this premier International Bank. The successful candidate will be either graduate or AOB qualified and have first class experience of top 100 companies. Second European language advantages.

**Futures Business Development  
£30-40,000**

Excellent opportunity for a senior Marketing Officer to contribute to formulation of market development strategy for Europe and to manage its implementation to a large company environment. Along with background in marketing you will need a strong theoretical and technical knowledge of Futures and Options, with European language skills advantageous.



banking recruitment consultants

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The company is the largest as well as one of the most profitable regional brewers, with a strong portfolio of brands, a retail estate of over 900 pubs, 32 restaurants and 8 hotels.

- **THE TASK** combines the direction of a highly professional finance function with an authoritative input into commercial and strategic development. Enhancing operational management's appreciation of the value of rigorous analytical and financial planning disciplines is a key challenge.
- **THE NEED** is for a chartered accountant or MBA, in the age range 35-45 with intellect and analytical skills. An excellent understanding of public company accounting gained at a corporate centre or in a corporate advisory role is essential.
- **A PRIMARY REQUIREMENT** is the ambition to take on general management responsibility at an early stage. Residence in the locality will be required.

Write in confidence, enclosing a Curriculum Vitae and quoting reference T7822 to:

Peter Ohlson, Tyzack & Partners  
10 Hallam Street, London W1N 6DJ. Fax 0171 631 5317

**Controller-  
Financial  
Planning**

London

£45-50,000 p.a.  
+ Bonus, Share Options,  
Car, etc

The objective of this £billion turnover market leader is to supply a wide range of the highest quality premium brands to its international markets.

A rare opportunity to join the organisation at this level has recently arisen. Reporting to the Managing Director of one of the most significant business units, with a strong dotted line into the Central Finance Function, you will be responsible for:

- Providing key financial and commercial analysis of all activities (current and proposed) for the Management Team.
- All aspects of short, medium and long-term planning.
- Strong and full financial contribution into both day-to-day business decisions as well as strategic marketing discussions and plans.

You will be a Qualified Accountant from a blue-chip background, with previous international experience being an advantage. You must clearly demonstrate experience of having positively challenged existing practices and proposed actions as well as subsequent implementation of clear improvements. You must evidence success in driving a business forward through the finance function. Additionally you will be:

- A strong team player able to integrate rapidly and credibly with the Management team.
- Commercially astute and forward-thinking with the easy ability to influence and persuade.
- Pro-active in seeking new and enhanced methods of adding value at the bottom-line.

Previous experience of working with Sales and Marketing would be advantageous. A positive attitude towards a fast moving and changing environment is vital.

If you would like to discuss this challenging opportunity further please write to Karen Wilson at Hoggett Bowers, 7-9 Beaman's Buildings, Chancery Lane, London, EC4A 3DY enclosing a recent CV and note of current salary details quoting Ref: HKW/8391/FT.

**Hoggett Bowers**

EXECUTIVE SEARCH AND SELECTION

**DIVISIONAL FINANCIAL  
CONTROLLER**

City

£38,000  
+ bonus + car



Our client is a top international insurance broker, whose profitable network of operations spans the globe. A market leader in the UK, it has grown successfully over recent years and now has over thirty offices in this country, structured regionally and by product group.

We are now seeking a Financial Controller for one of the key UK operating divisions (T/O £40m). Reporting to the Divisional MD, with a dotted line to the UK Finance Director, the successful candidate will have overall functional responsibility for fourteen business units across the country. The brief will encompass divisional budgeting and reporting, performance monitoring and analysis, working capital control and capital expenditure appraisal. You will also support the MD and other senior business managers on strategic planning exercises and other financial projects, visiting the regional offices regularly and

helping them to achieve their commercial goals.

Candidates must be graduate, qualified accountants, ideally aged 28-35. You should have at least three years PQE in a sophisticated commercial organisation and a record of success in supporting business decision making. A background in a multi-branch service group would be advantageous but is not essential. In addition to sound technical skills, we are looking for ambition and leadership combined with commercial acumen, diplomacy and credibility with top business managers.

Please write, in confidence, with full career and salary details, explaining how you match our client's requirements to Paul Carosso, MSL International Limited, 32 Aybuck Street, London W1M 3JL. Please quote reference 53453.

LONDON 0171 487 5000 BIRMINGHAM 0121 454 0864 GLASGOW 0141 248 7700 LEEDS 0113 245 4757 MANCHESTER 0161 835 1772

**Finance Director**

London/M1 corridor

Excellent package

Our client is a highly entrepreneurial international trading company with offices throughout Europe. Due to the change in senior management, they are now hoping to relocate their head office from Eastern Europe to London, resulting in a need to recruit for a new Finance Director.

Reporting to the Divisional Managing Director, responsibilities include:

- Preparation of monthly/yearly financial management reports.
- Preparation of consolidated yearly accounts for the Company and its subsidiaries.
- Implementation and development of an accounting software package for the company and its subsidiaries.
- Negotiation of trade and commodity finance facilities with the company's bankers.
- Manage all administrative and personnel functions of the company.

Candidates should be qualified accountants with a minimum of 3-5 years post qualification experience in a managerial position within a finance function. Trade and Commodity finance experience, coupled with Central and Eastern European accounting skills will be preferable although not essential. More importantly, the ideal applicant must have excellent commercial acumen, drive and self-motivation.

This is an international position, and for the right individual, this role will offer variety, travel and unrivalled career progression within a dynamic organisation.

Remuneration will be flexible depending on level of experience. Interested applicants should forward their detailed curriculum vitae (with current salary) to Stephanie Warren at Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH, or by fax on (44) 71 405 9649.



Michael Page City  
International Recruitment Consultants  
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**CONTROLLER  
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Strong Financial Manager for Mfg. plant. Responsible for accounting, standard & cost. Admin., taxes, legal and MIS Mfg. industry exp. US CAAP. CV to 15446 Ventura Blvd., #165 Sherman Oaks, CA USA or Fax 818 881 6505

**INTERNATIONAL  
AUDITOR**

Essen Germany fluent English/German any other language a big plus. 3-5 years exp. Conduct audits for all company subsidiary locations throughout Europe approx. 30 sites Know U.S. GAAP. CV to 15446 Ventura Blvd., #165 Sherman Oaks, CA USA or Fax 818 881 6505

**APPOINTMENTS  
WANTED****SWITZERLAND**

INTERNATIONAL AUDIT MANAGER Professional with many years varied multi-national experience with Swiss & EU payrolls, working German & French, desires a challenging senior audit or bank with position. Ready to travel widely from his own Swiss base or on relocate. Write to: Box A5446, Financial Times, One Sandhollow Bridge, London SE1 9EL.

**Financial Analysts  
(India)**

Based Bangalore

Highly Attractive Package

Our client is one of India's most successful and entrepreneurial multinational groups engaged in Spirits, Brewing, Engineering, Pharmaceutical and Petrochemicals with the majority of its operations in emerging markets. The group has an aggressive and ambitious growth strategy and this is a unique opportunity to join their dynamic Finance team.

**The Position**

- Support growth through improved financial planning and analyses for a variety of business sectors.
- Analyse financial and business information and prepare incisive reports on operating performance.
- Undertake capital investment appraisals, competitor analysis, interpret market trends and business reviews and present findings and recommendations to management at senior level.

**The Person**

- Ambitious Graduate Accountant/ MBA aged 27-35. Financial planning and analysis experience with entrepreneurial and business flair.
- Strategic thinker. Excellent analytical and interpersonal skills are essential, along with the self confidence to challenge and influence at senior levels.
- Commercially astute and self motivated. Confident team player with hands on approach.

Interested candidates should write with a CV quoting reference FA540, stating current and expected earnings to, Mr Vinit Vadi at Withey & Vadi, Status Park Four, Bath Road, Heathrow, Hayes, Middlesex UB3 5EY Tel: 0181 754 1133 or Fax: 0181 754 0638

**Withey & Vadi**  
Consultancy • Search • Selection



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Candidates with experience of this specialist sector are most likely to be working within the recruitment industry and are now seeking greater opportunity for career development.

Undoubtedly, you will be of high intellectual capability with a good first degree, ideally coupled to an accountancy qualification.

Above all, you must share our uncompromising and passionate commitment to total quality and be able to translate these concepts into exceptional client service.

In return, Hoggett Bowers provides excellent training and career development and the opportunity to join one of Britain's most progressive Recruitment Groups.

To apply please send your Curriculum Vitae detailing salary package to Cindy Irvine, Managing Director, Hoggett Bowers, 7-9 Bream's Buildings, Chancery Lane, London EC4A 3DY, quoting Ref CU/7692/FT



**Hoggett Bowers**

EXECUTIVE SEARCH AND SELECTION

## CHIEF FINANCIAL & ADMINISTRATIVE OFFICER

### INTERNATIONAL SECURITIES

c.£60,000 + BONUS + BENEFITS

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- Diverse finance and operational management role with the European securities arm of a substantial and successful, North American based player, a leader in a number of markets.
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- Qualified accountant, probably aged mid 30's - mid 40's with a quality record of financial management gained ideally within the securities industry but certainly in international banking/financial services.
- Commercially aware, you should be highly motivated and energetic. An organised and disciplined manager with absolute financial professionalism.
- Well developed inter-personal skills, pragmatic with a 'do it now' mentality. Self reliant, but a proven team player.

Please apply in writing quoting reference 895 with full career and salary details to:  
Phil Bainbridge  
Whitehead Selection Limited  
11 Hill Street, London W1X 8BB  
Tel: 0171 290 2043

**Whitehead**  
SELECTION

A Whitehead Mann Group PLC company

## EUROPEAN FINANCE DIRECTOR

### COMMERCIAL ROLE SPEARHEADING EUROPEAN DEVELOPMENT

#### WEST END

c.£70,000 + BONUS + BENEFITS

- Leading quoted international group providing advertising and marketing services to a blue chip client base. Revenues of c.£300 million with a strong UK and US presence and an expanding European network.
- High profile role for a European group of five subsidiaries and seven associates. High level of project work, including strategy formulation, business development, business performance and acquisitions.
- Probably aged early thirties, graduate qualified accountant or MBA. Solid financial skills and broad commercial experience gained within a consultancy or corporate.

- Track record within a fast-paced, demanding environment and previous international experience an advantage. Language skills useful although not essential.
- Bright, with an incisive and enquiring mind. Well developed interpersonal skills - able to persuade and influence. Strong commercial focus and analytical ability.
- Energetic, self motivated and proactive, must be flexible in approach and able to relate at all levels across the business. Keen to contribute to business strategy, helping shape the Group's future growth and success.

Please apply in writing quoting reference 902 with full career and salary details to:  
Susan Ryder  
Whitehead Selection Limited  
11 Hill Street, London W1X 8BB  
Tel: 0171 290 2043

**Whitehead**  
SELECTION

A Whitehead Mann Group PLC company

## GROUP FINANCE MANAGER

### North Sussex

£30 - £35,000 + Car + Benefits

With a turnover of c.£80m, our client is a fully listed PLC with significant interests in vehicle and equipment hire throughout the UK. Its track record of commercial and financial performance is impressive and they now wish to appoint a Group Finance Manager to their small head office management team.

Reporting to the Group Finance Director and liaising with subsidiary finance teams, you will have a particularly broad remit encompassing statutory and management accounting, taxation and treasury. The role is hands-on and includes both the detail of group accounting together with a wider commercial input.

Candidates will be computer literate accountants, most probably aged mid 20's to

early 30's, with a strong technical accounting background and working knowledge of consolidations gained either within the profession or industry. The ability to work on one's own initiative, achieve tight time schedules and pay good attention to detail, combined with excellent interpersonal skills are all prerequisites.

To apply, please send a comprehensive CV including remuneration details and daytime telephone number, quoting reference CRR1295, to: Christopher Rose, Touche Ross Selection and Search, Mountbatten House, 1 Grosvenor Square, Southampton SO15 2BE. Tel: (01703) 334124.



MANAGEMENT CONSULTANTS

## FINANCE DIRECTOR

### FOOD AND DRINKS SECTOR

#### BASED LONDON

PACKAGE c.£50,000

- A genuine opportunity to make a significant contribution to this fast growing and ambitious company who benefit from the backing of a £multi-billion parent group.
- The position will appeal to outstanding individuals who combine commercial acumen with financial skills and wish to move into General Management positions on an international stage within 3 to 4 years.
- Reporting to the Managing Director, responsibilities will include full financial control of the business, the legal duties of Company Secretary and management of the logistics operations.

- Initial priorities will encompass a full review of organisation and personnel to ensure the achievement of a highly focused and dynamic team.
- Potential candidates must be qualified accountants, with strong leadership skills, and the ability to make things happen. Experience within an f.m.c.g. company will be beneficial but intellectual ability and positive attitude are more important.
- Probably aged 30-40. A mature and highly motivated individual who is action orientated and does not accept second best. A second language, preferably French would be useful.

Please apply in writing quoting reference 901 with full career and salary details to:  
Richard Pearson  
Whitehead Selection Limited  
4 The Courtyard, 707 Warwick Road  
Solihull, B91 3DA. Tel: 0121 709 0909

**Whitehead**  
SELECTION

A Whitehead Mann Group PLC company

## Tax Partner

### North Home Counties

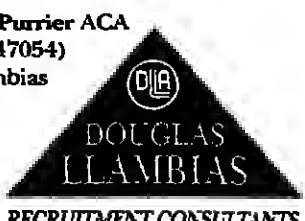
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Package + Relocation

Our client is a well-known and ambitious National firm of Chartered Accountants with a thriving network of offices in the North Home Counties. Real growth, and the desire to capitalise on further opportunities for new business, has led to the need to recruit an energetic Tax Partner. Key objectives of the role will be:

- To head up the Tax Practice, providing appropriate advice to further increase fee income and profitability.
- To deal with the more complex clients, and to create leadership in taxation knowledge for the rest of the practice.
- To contribute to the creation of ideas and opportunities for the firm to demonstrate its skills to the market place.

The successful candidate will ideally be ACA/ATII qualified, aged 30's-early 40's, technically sound and with broad ranging Corporate Tax experience, particularly in relation to Owner Managed Businesses. Of paramount importance will be excellent communication skills, presence and credibility, combined with a demonstrably successful marketing and practice-development track-record.

Interested candidates should telephone Martin Purrier ACA on 0171 836 9501 (evenings/weekends 01483 747054) or write to him, enclosing a CV, at Douglas Llambras Associates, 410 Strand, London WC2R 0NS. All enquiries will of course be treated in the strictest confidence.



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Finance and Operational  
Chartered Accountant, Aged  
30, seeks short term  
contracts.

Please write to

Box: A5065, Financial Times,  
One Southwark Bridge,  
London, SE1 9HL

## Group Accountant to £38,000 + car Central London

Our client is a major UK consumer product Group with a worldwide turnover in excess of £5 billion and an active programme for the development of its core businesses internationally.

They now require an additional Group Accountant of high intellect but with a practical bias to join a small Group Accounting team at Head Office which is responsible for monitoring and controlling the financial operations of the Group. The tasks include Statutory accounting under UK GAAP; generating internal and external data for major issues (e.g. acquisitions and disposals); consolidation of management reporting, budgeting and forecasts at Group level and financial analytical work which will involve the latest techniques for the review of the allocation of resources to Capital and revenue investment programmes.

Applicants should be Chartered Accountants with a high grade first degree in Applied Economics, Accountancy or similar, offering a strong technical background in managerial finance. The person must however have the ability to put theory into practice, work on routine and non routine matters as part of a team and be able to work to tight timetables. Well developed analytical and communication skills are extremely important.

The Group is committed to the development of its people. This is an excellent opportunity to extend your financial skills and gain exposure to all aspects of Group Financial management in a dynamic and expanding Group. Future prospects extend to the European operations of the Group in addition to specialist functions at the centre. Age guideline 28-30.

Please apply in writing quoting reference L585 to:

Brian Mason,  
Mason & Nurse Associates,  
1 Lancaster Place, Strand,  
London WC2E 7EB.  
Tel: 0171-240 7805.

**Mason  
& Nurse**  
Selection and Search

0171 240 7805



**RJR**  
R.J. REYNOLDS TOBACCO INTERNATIONAL S.A.

**CAMEL**

**Winston**

**Salem**

## The New Frontier Former Soviet Union

Our client, RJ Reynolds Tobacco International S.A., in 1992 was the first major investor in private cigarette enterprise in the Former Soviet Union. Since then the company has established itself as the recognised market leader with 5 production sites employing in excess of 5,000 staff. The company is committed to further growth in order to enhance its position and status in the industry world-wide.

As a result of recent acquisitions, the company is seeking to recruit five Financial Directors for its operations throughout the region. Reporting to and assisting the local General Manager, responsibilities will include:

- design, implementation and administration of pc based information systems;
- installation and development of robust financial controls and reporting procedures;
- training and development of local staff in accounting and internal controls;

Interested applicants should forward a comprehensive CV, including current salary package and daytime telephone number to Gary Watson at Michael Page International, Page House, 39-41 Parker Street, London WC2B 5LH.

- control of working capital - in particular, cash flow, standard costings and inventory issues.

Candidates must be qualified accountants with a successful track-record gained in an FMCG/manufacturing environment who can demonstrate a "hands-on" approach to the business and the intellectual ability to contribute to strategic decisions. Equally important are the personal qualities which must include confidence, maturity, flexibility, drive, energy and commitment together with the ability to identify and manage change. Fluency in English is a pre-requisite whilst a working knowledge of Russian or German would be useful but is not essential.

There are exceptional opportunities offering a high level of responsibility, excellent career prospects together with a generous and attractive remuneration package to attract the very best.

**PACKAGES**  
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**ATTRACT**  
the  
**VERY BEST**

**MP**

**Michael Page International**

International Recruitment Consultants  
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Finance Directorate  
Financial Planning Services Division

### "Enfield Means Business" Economic Development Accountant

**£31,600 to £33,400 inc. London  
Weighting, the starting salary  
dependent upon experience.**

Enfield has adopted an Economic Strategy, has Objective 2 and Assisted Area Status from the European Union and has been successful in bidding for resources from the Single Regeneration Budget. There is, therefore, an exciting opportunity within the London Borough of Enfield for an Economic Development Accountant.

We are looking for an enthusiastic accountant with knowledge of both public and private sector finance, European and other funding regimes, and an understanding of the commercial world.

The successful candidate will provide a full financial service to the Council's Economic Development Unit and ensure that Enfield maximises all sources of funding applicable to this activity.

You must be a qualified accountant with the appropriate experience. Key tasks include:

- Contributing to the Economic Development Unit's strategic management;
- Working with the International Development Officer on all sources of European Funding;
- Supporting and monitoring individual projects;
- Seeking new and innovative ways of financing programmes in addition to the competitive grant we offer;
- Generating new initiatives and flexible working hours;
- Contributory pension scheme.

For further details and an application form, please telephone 0181-882 7940 (24 hour answering machine) or write to the Personnel Manager, Finance Directorate, P.O. Box 54, Civic Centre, Silver Street, Enfield, Middlesex EN1 2EF. Closing date: 31 March 1995. Please quote reference: D/70072803.

Working towards equal opportunities.  
We offer a flexible work environment.



Our client is an extremely successful, fast growing vendor of client/server systems software with worldwide operations in Europe, including Germany and the UK, and the US. The company is the unchallenged leader in its product market and is set to build a similarly strong position in several new emerging markets, positioning it for continued annual growth in excess of 50%. With a view to an IPO on the NASDAQ stockmarket within the next two years, the Company is now seeking to further establish its worldwide infrastructure with the appointment of the following two individuals:

## Chief Financial Officer

**Boston USA**

Reporting to the Chief Executive, this broad role encompasses responsibility for both Finance and Administration activities worldwide. Key aspects include:

- The development of the company's finance function to support ambitious growth plans. Key emphasis is on the design and implementation of financial control and reporting systems across the entire organisation.
- The preparation of the company for an Initial Public Offering on NASDAQ and management of the external constituencies thereafter.
- The supervision and management of all administration and financial matters worldwide.

The successful candidate should have gained senior management experience in a publicly quoted company, preferably on NASDAQ, and be familiar with the requirements of companies in fast-growing technology industries. Reference HH/605.

Both positions offer attractive compensation packages, including bonus and stock option schemes, and rapid career progression within a fast growing organisation. We would like to encourage applications from both European and American candidates meeting the above requirements and also want to address individuals currently active both within and outside the Information Technology industry. If interested, please send a detailed CV including your current salary, earliest availability and a daytime telephone number to Harald Heil or Stephen Burke at Michael Page Deutschland GmbH, Mainzer Landstr. 39, D-60329 Frankfurt, or to Peter Gerrard at Michael Page, 39-41 Parker Street, London WC2B 5LH, quoting the appropriate reference numbers. We guarantee that your application will be treated strictly confidentially.

**MP**

**Michael Page International**

International Recruitment Consultants  
London Paris Amsterdam Dusseldorf Frankfurt Hong Kong Sydney

## Financial Controller

**Munich**

Working closely with the CFO and Financial Controlling staff in the other operating subsidiaries, this position entails the responsibility for the Group Financial Control function. Specific responsibilities include:

- The preparation of the company's financial statements, both under US GAAP and local accounting standards;
- The financial planning, forecasting and analysis, both at subsidiary and consolidated level;
- The enhancement and integration of existing financial control and reporting systems across the organisation.

The ideal candidate is MBA-qualified with a minimum of two years experience in a financial controller role. Alternatively, qualified accountants with a corporate background may qualify. Due to the international scope of the position, fluent English and a strong command of German are essential, as is the readiness for a fair amount of international travel. Reference HH/606.

## INTERNAL AUDIT - TREASURY

Our client, a major Irish financial institution, is seeking experienced Internal Audit professionals for its Group Treasury operation, based in Dublin.

### AUDIT MANAGER

Reporting to the Group Chief Internal Auditor, the Audit Manager will be responsible for the management of audit staff in performing objective independent appraisals of treasury management standards, controls and procedures throughout the Group.

Candidates should have at least five years' post qualification experience, with an emphasis on investigation work and the audit of financial services. A background at senior level with a large professional firm or financial institution combined with an appropriate professional qualification, with excellent analytical, interpersonal and team leadership skills, drive and ambition are sought.

A substantial salary, together with a generous fringe benefits package is envisaged.

### SENIOR AUDITOR

Reporting to the Audit Manager, the appointee will carry out independent appraisals of the Group's internal controls environment, either as a team leader or working solo.

Candidates should possess an appropriate professional qualification. Experience in areas such as confirmations, brokerage, controls over open currency and interest rate positions, counterparty exposure and electronic payment systems would be an advantage.

Personal attributes sought would be strong analytical and communication skills, high energy levels, a willingness to travel and commercial acumen.

An attractive package comprising a competitive salary and financial sector fringe benefits is envisaged.

Please apply in strict confidence, enclosing a comprehensive C.V. to:



Patrick J. Feeney,  
Orion Executive Search & Selection Limited,  
64, Northumberland Road, Ballsbridge, Dublin 4.  
Tel: (01) 6608151.  
Fax: (01) 6682153.

## The Top Opportunities Section

Advertise your  
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readership.

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## Corporate Finance Manager

**London**

**£40,000 - £50,000 p.a.  
+ Bonus And Benefits**

Our client is a substantial UK group known throughout the world for its creative excellence. In an area of the entertainment sector experiencing radical changes, as the result of both technological developments and customer demands, this client is taking significant steps and is investing heavily to ensure it remains at the forefront of this exciting field.

At the centre of this well-respected organisation is the Corporate Finance function which provides business analysis to the Director of Finance, the Chief Executive and the Board. As part of the department's ever increasing brief a new position has been created.

This role will be heavily involved in determining the strategic direction of key areas of the business. Responsibilities will therefore include:

- Capital investment analysis with particular emphasis on new industry-wide and technological developments.
- Financial, market and competitor analysis.
- Providing financial advice to senior management on proposed actions.
- Direct influence on business efficiency and areas of potential development.

Additionally you will be heavily involved with a wide variety of projects associated with organisational growth. You will be a MBA and/or a commercially driven Accountant (ACA/ACMA/ACCA) who has worked on business development and strategic matters from a financial perspective. You must be able to demonstrate good analytical skills and commercial awareness as well as excellent presentation and influencing skills. You will have a blue-chip background which may include consultancy.

This role offers the opportunity for early high profile exposure and full involvement in key business issues. To discuss this position further write to Karen Wilson at Hoggett Bowers, 7-9 Bream's Buildings, Chancery Lane, London, EC4A 3DY enclosing a recent CV and a note of current salary quoting Ref: HKW/618/FT



**Hoggett Bowers**

EXECUTIVE SEARCH AND SELECTION

## FINANCIAL CONTROLLER CITY LONDON

**SALARY C.£45,000 + BENEFITS**

Gerald Limited is the London brokerage division of an international commodity brokers with offices in Europe, USA and the Far East, and are members of all major future and options exchanges in London and New York.

The Company is seeking applicants for a management position to head the accounting function.

The Financial Controller will be responsible for SFA financial compliance and statutory management information, reporting directly to the Board. The Controller will head a department of 9 staff and will be involved in all aspects of the Company's business.

With a commodities or trading background, the successful applicant will be a qualified accountant (ACA/ACCA) age 30+ with good systems experience and effective communication skills.

Please submit CV and letter indicating current salary to: Nikki Vernon Browne, Personnel Manager, Gerald Limited, Europe House, St Katharine by the Tower, London E1 9AA.



## MOORE

Moore International BV is a subsidiary of Moore Corporation Limited, a global leader in delivering information handling products and services that create efficiency and competitiveness for customers. Founded in 1882, Moore has approximately 20,000 employees and over 100 manufacturing facilities serving customers in 59 countries with annual sales of US \$2.4 billion.

### Internal Auditor (French speaking).

The position will involve performing audit assignments and special projects at Moore locations throughout Europe. You will report to the Audit Manager located in the Netherlands. A minimum travel commitment of twenty weeks can be anticipated. An active policy of internal promotion from the audit department is pursued for individuals who have proven themselves over a minimum period of two years.

The successful candidate will be based in either the UK, France or Netherlands.

The ideal candidate should be

a qualified accountant aged between 25-30 years, with several years audit experience with a big six firm. Good communication skills, both oral and written, will be required along with strong PC knowledge. English and French language skills are a must. An attractive salary, dependent upon experience, will be offered.

Please apply without delay, in writing to Nigel Wright, B.Sc., A.C.A.



Nigel Wright Consultancy,  
North Street Court, North Street  
East, Newcastle upon Tyne  
NE1 5HD Tel: 0191 222 0770  
Fax: 0191 222 1786

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## Financial Directors

Midlands/  
North East & North West  
England/  
Scotland

£40-60,000 p.a.  
+ Substantial Bonus  
And Car

Our client is a multi-billion pound international group comprising many well-known names in the industrial and commercial sectors. Significant and positive re-positioning of the businesses has generated impressive financial performance.

The growth and development plans of the Group necessitate the recruitment of a number of commercially-minded Financial Directors for key operational units based in the Midlands, various locations throughout the North East and the North West as well as a position in Scotland.

The positions report to individual Managing Directors and have total responsibility for all the aspects of financial control, support and direction the businesses demand. Successful candidates will have technical and commercial stature as well as the personal credibility and communication skills to command authority and influence day-to-day decision making. Strategic vision and the wider corporate understanding to play a major role in driving the businesses forward are likewise essential.

Many of the businesses have considerable potential yet to be fully exploited and Financial Directors must be leading members of the management teams which are tasked with ensuring that maximum benefit is derived as quickly as possible.

The Financial Directors appointed will have true business flair and will thrive on positive change. They will be self-motivated, results orientated and operationally 'hands-on', able to develop professional, high quality, finance functions. An affinity to computerised systems is obviously vital with previous experience of implementation or enhancement of systems being advantageous.

Age 35-45 and qualified you will have a minimum of 5 years' experience in a high profile senior financial position. Previous experience of manufacturing, industrial services, contracting, distribution or related sectors is highly desirable. You must demonstrate a successful track record of achievements in large, fast-moving organisations where the Finance function plays a broad commercial role.

The package is dependant on both the individual position and each successful candidate's profile and experience with relocation being available if required.

To explore these exciting opportunities further you should submit a recent CV and a note of current salary details to Karen Wilson, Hoggett Bowers, 7-9 Bream's Buildings, Chancery Lane, London, EC4A 3DY quoting Ref: HKW/7996/FT.

**Hoggett Bowers**  
EXECUTIVE SEARCH AND SELECTION

## INTERNATIONAL MEDIA GROUP

### Exceptional roles for young ACAs

#### London

One of the world's largest publishers and information providers, our client is a leader in its chosen markets with interests ranging from scientific journals and online data services to consumer magazines. Highly profitable, annual sales exceed \$3 billion, achieving success through strong organic expansion, investment in new products and an active acquisition programme.

Crucial to this successful expansion is the effective integration of newly acquired companies. The London based Audit Team plays a central role in this process, focusing on high risk areas and identifying continual improvements in efficiency. Working closely with subsidiary Finance Directors, the 5-strong team acts as a catalyst for the introduction of change, carrying out pre and post acquisition reviews.

In addition the team seeks to ensure the leverage of best practice throughout the organisation, playing a key part in processing knowledge between business units. Members of the team also look at controls within existing businesses, gaining broad exposure to Head Office and subsidiaries, undertaking approx. 25-30% travel to Europe, the USA and Asia Pacific.

#### to \$35k+fx car+bens

Following a series of promotions to senior line management positions, the team requires 2 additional members, who should be ambitious, bright young ACAs from a major practice. A good degree is essential, together with WP and spreadsheet skills and the ability to communicate effectively both orally and in writing. Successful candidates will probably have 2-3 years' exp, but exceptional newly qualifieds will be considered. European language ability, particularly knowledge of French or German, would be useful but is not essential; more important is the flexibility to be an effective team player yet be strongly self-motivated.

Career prospects in this growing, international environment are excellent and the rewards outstanding. The company operates a comprehensive training and development programme and in addition to an attractive salary and fully expensed car, benefits include health insurance, share option saving schemes and 5 weeks' holiday.

Applicants should contact us on 0171 242 9191, or outside office hours on 0171 231 8272. Alternatively send or fax your CV quoting ref 100, to:

**ALDERWICK CONSULTING**

SEARCH & SELECTION

95 FETTER LANE, LONDON EC4A 3EP TEL: 0171-242 9191 FAX: 0171-242 3560

## Finance & Operations Director

### with well-rounded General Management skills

#### Up to £50k + benefits + car

#### London

Our client is a growing services company with a turnover of over £2m. It is experiencing sustained growth and has an enviable client reputation for service and reliability. The company is consolidating its Finance and Central Operations Support to enhance expansion, and now requires a high-calibre, hands-on Executive.

##### The Challenge

- Take responsibility for all financial, administrative and central operational support functions, including legal and Human Resources, providing a proactive role to the Managing Director.
- Review and enhance management processes and disciplines in line with business development.
- Take responsibility for operational support including inventory management and stock audit responsibilities.
- Develop very positive relationships with clients and colleagues, fostering a team approach.

##### The Credentials

- You will be a qualified accountant with a strong interest in operational management.
- Probably aged 35-45, you will have an excellent track record in small to medium-sized service companies.
- The credibility and presence to nurture supplier and client relations at a senior level.
- Outstanding interpersonal skills combined with commercial acumen.

Preliminary interviews will be held on 12th/13th April 1995.

Please reply with full details, including recent salary history, to Andy Moss, GMBM Advertising & Research, 27 Floral Street, London, WC2E 9DP, quoting ref: GTR/1, Fax No: 0171 379 3919.



**GMBM**  
Advertising & Research

## Accountancy Personnel

### Financial Controller (Shipping)

Based London WC1

ZODIAC MARITIME AGENCIES LTD.

A successful and well established ship management company employing 120 staff in Central London is currently expanding their operations. They now seek a dynamic, self-motivating achiever to manage and nurture a growing team of experienced professionals and contribute to the further development of the company as a whole.

#### The Role

- Reporting to the Financial Controller, you will enjoy considerable scope to develop the department and its operations. Key responsibilities will include:
  - Preparation of management reports and financial statements, motivating and supervising a team of 20.
  - Ensuring that internal controls are effective and applied.
  - Provision of proactive, commercially led initiatives and support, assisting management to maximise profitability.

#### The Appointee

- Experience within a maritime environment is essential for this post. Your key qualities and strengths should include:
  - Excellent financial and management accounting skills.
  - A commercial approach to decision making.
  - Proven supervisory and team-management skills.
  - Ability to meet strict deadlines.
  - Computer/IT literacy and problem solving skills.
  - Preferred are range 28-45.



Please outline your interest in this opportunity by writing to Helen Cherry, Business Director, Accountancy Personnel Executive Recruitment, 7 Glen House, Stag Place, London SW1E 5AG, enclosing your CV.

Hays

## FINANCE DIRECTOR

A senior finance professional is required by a wholesale and distribution business which is a market leader in its industry. The role has been vacated due to the promotion of the previous incumbent within the group.

The company has turnover in excess of £30 million and operates from a network of distribution centres throughout the British Isles. The business is highly respected, profitable, focused on growth and is part of a substantial international group.

Reporting to the managing director the role will encompass full responsibility for the financial function including legal and company secretarial responsibilities. The IT systems area will also report to you.

Excellent team building and interpersonal skills are a key requirement of the role. You will need to provide financial guidance to the senior management team as well as maintaining strong external relations on behalf of the company. The successful applicant is likely to be aged 35-45 and will have:

- A recognised accounting qualification, preferably ACA or CIMA
- Energy to contribute to the business allied to a mature style
- A broad range of commercial experience preferably in a similar environment

To apply please send a CV including remuneration details to:

Wolfe & Sons, High Street, Westerton, Kent, TN16 1RQ.  
For the attention of Mr JC Mauley - ref: JCM/12

M25/SURREY

Remuneration  
c £45k salary  
quality car  
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pension

Closing date for  
applications:  
29 March 1995

## BERMUDA

\$40K

### CHARTERED ACCOUNTANTS

Excellent opportunities with major C.A. Firm. Applicants must have been articulated with one of the large 6 C.A. firms.

Please submit CVs in confidence to:

Sarah Winston, c/o I.R.G. (Rec. Cons.), Guild House,  
36-38 Fenchurch Street, London EC3M 3DQ.

## DIRECTOR OF FINANCE

### Manufacturing & Distribution

#### Bristol

A £10 million turnover business, this institutionally backed manufacturing and distribution company is poised, from both a structural and market perspective, to undergo rapid change.

Operating nationally and internationally, they offer a unique range of products and services on a business to business basis within a niche of the agri-chemical marketplace. Owning both the intellectual property and the manufacturing rights to their market proposition they are positioned perfectly to answer the demands from the growing environmental lobby.

They require a hands-on operating Director of Finance, ideally aged between 35 and 40, to control the finances of this diverse business. Strong cost, inventory, working capital and cap-X control

#### Package c. £40K +

is needed to manage a divergent product/inventory range that calls for standard, marginal and process costing techniques. Experience of overseas trading and foreign currency would be useful.

Proactive systems leadership is essential, not only of network PCs but of mini/mid systems like AS400... with a remit beyond pure financial reporting (making a knowledge of manufacturing procedures and systems like MRP advantageous).

You must possess a robust management style and fit into an entrepreneurial culture where team play and peer loyalty is paramount.

To apply, please write with a full CV quoting ref. no. 1110/FT to Adrian Wheale or Steven Vass, Wheale Thomas Hodgins PLC, Executive Resourcing, 13 Berkeley Square, Clifton, Bristol BS8 1HG.



Wheale Thomas Hodgins PLC

## Progressive Global Media Conglomerate

### Internal Audit Manager

#### London

This is an outstanding opportunity to join a progressive international media, television and entertainment group. The organisation is at the forefront of one of the world's most rapidly changing sectors. With a turnover exceeding £2.5 billion and established global interests they are placed to take maximum advantage of the opportunities that lie ahead.

As a result of internal promotion an opportunity has arisen to play a pivotal role in a high profile department, which ensures that the business utilises its substantial resources efficiently. This involves sustaining excellent systems for financial management and business control.

This appointment offers the opportunity to have a significant impact on decision making at the most senior level within the organisation. There will be regular contact with the Board and other Senior Operational Management. You will

provide a business focused service to the group, taking on special projects and value for money audits that follow the rapid developments that have occurred within the business. Additionally, you will supervise a large department of qualified professionals managing projects and initiatives designed to address principal risks faced by the organisation.

The individual we seek will be a qualified accountant with at least two/three years post-qualified experience with a Big Six Firm, or within the audit function of a major international business. You will be able to

demonstrate a thorough understanding of accounting and auditing standards as well as IT and systems issues. Additionally you will require strong presentation skills, the ability to generate credible business relationships, flexibility and judgement.

The company has a proven track record in providing career development and promotions for individuals who are able to prove themselves.

Please apply immediately:  
Write to Guy Mathews at GMS -

Goodman Masson Shaw, 2 Bath Street,  
London EC1V 9DX, enclosing a detailed CV.  
Tel 0171 336 7711,  
outside hours 0181 363 5284.  
Fax No. 0171 336 7722.

Applications will be treated in the strictest confidence

**GMS**

GOODMAN MASSON SHAW  
Financial Search and Selection

## KPMG

## Finance Director

### Manufacturing

West Midlands c.£35,000 + car + benefits

Our client is a wholly-owned subsidiary, operating independently within a highly respected group. The company is a leading manufacturer in its specialised fields and this important appointment will play a key part in its plans for further growth and development. Turnover is approaching £8 million and employees number c.150.

Reporting to the Managing Director, and being closely involved in setting the company's strategy, the role will assume full responsibility for the presentation of comprehensive monthly and annual accounts to audit level, the preparation of budgets and forecasts, and for ensuring that strict group reporting techniques are adhered to.

Candidates, qualified accountants with proven financial and business skills, must possess a high degree of all-round commercial awareness to make a real contribution to manufacturing, sales and related activities. Strength in analysing ratios, labour and material costs, and other P&L indicators will be of paramount importance.

Applicants should write with full career and salary details, quoting reference B/535/95. As your application will be forwarded direct to our client, please list on a separate sheet any companies to whom your details should not be sent.

Write to: Tracy Lowles, KPMG Selection & Search, 2 Cornwall Street, Birmingham B3 2DL

KPMG Selection & Search

0171 336 7722